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SHRM-SCP

Practice Questions

Set 1

Answer Key & Explanations

Strategic, senior-leader HR judgment at the SHRM-SCP level

Aligned to the 2026 SHRM BASK • Law and guidance current as of October 2026

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How to Use This Set

Answer each question on your own first, choosing the single BEST answer. The real exam allows 220 minutes for 134 questions, so aim for about 1.6 minutes per question. Then check your work against the separate answer key and read every explanation, including for the questions you got right, because the reasoning is what transfers to new questions on exam day.

SHRM-SCP Practice Set 1 — Answer Key

Quick key first, then a full explanation for every question

1. C	2. B	3. C	4. A	5. A	6. B	7. D	8. D	9. B	10. B
11. A	12. C	13. D	14. B	15. C	16. B	17. D	18. C	19. B	20. D
21. C	22. B	23. C	24. C	25. A	26. A	27. B	28. A	29. B	30. C
31. A	32. A	33. B	34. A	35. A	36. B	37. B	38. D	39. D	40. B
41. D	42. D	43. D	44. A	45. C	46. D	47. D	48. D	49. C	50. D
51. C	52. D	53. B	54. D	55. D	56. D	57. A	58. A	59. C	60. D
61. A	62. C	63. B	64. B	65. A	66. A	67. B	68. A	69. B	70. B
71. D	72. C	73. A	74. C	75. A	76. C	77. A	78. C	79. D	80. B
81. A	82. B	83. D	84. C	85. B	86. B	87. D	88. A	89. C	90. A
91. C	92. A	93. B	94. A	95. C	96. C	97. A	98. D	99. C	100. D
101. D	102. D	103. B	104. D	105. D	106. B	107. B	108. A	109. A	110. D
111. C	112. B	113. D	114. A	115. A	116. B	117. A	118. C	119. A	120. D
121. D	122. D	123. C	124. D	125. B	126. A	127. B	128. D	129. A	130. B
131. B	132. C	133. A	134. A	135. B	136. D	137. B	138. B	139. D	140. B
141. D	142. D	143. B	144. B	145. B	146. C	147. B	148. A	149. B	150. B
151. C	152. C	153. A	154. A	155. A	156. D	157. B	158. B	159. D	160. B
161. A	162. C	163. D	164. A	165. D	166. A	167. B	168. C	169. A	170. C
171. A	172. A	173. A	174. C	175. A	176. D	177. A	178. C	179. B	180. A
181. A	182. C	183. A	184. C	185. B	186. C	187. D	188. D	189. D	190. D
191. A	192. B	193. B	194. A	195. D	196. B	197. D	198. B	199. A	200. A
201. D	202. C	203. D	204. A	205. D	206. A	207. C	208. A	209. A	210. A
211. B	212. D	213. C	214. A	215. B	216. C	217. A	218. B	219. D	220. D
221. A	222. C	223. B	224. A	225. C	226. C	227. D	228. B	229. C	230. C
231. B	232. B	233. C	234. C	235. C	236. B	237. A	238. C	239. C	240. C
241. B	242. A	243. D	244. D	245. B	246. B	247. C	248. D	249. A	250. D
251. C	252. A	253. A	254. C	255. A	256. A	257. A	258. D	259. B	260. B
261. C	262. C	263. C	264. A	265. D	266. B	267. A	268. C	269. D	270. C
271. D	272. A	273. D	274. C	275. A	276. D	277. D	278. C	279. C	280. B
281. C	282. A	283. C	284. D	285. B	286. D	287. C	288. B	289. C	290. C
291. D	292. D	293. B	294. C	295. B	296. B	297. B	298. C	299. B	300. A
301. B	302. C	303. C	304. A	305. C	306. D	307. C	308. D	309. D	310. A
311. A	312. D	313. B	314. C	315. A	316. B	317. A	318. B	319. D	320. C
321. B	322. B	323. A	324. C	325. C	326. C	327. C	328. C	329. A	330. A
331. D	332. C	333. D	334. D	335. D	336. A	337. A	338. D	339. A	340. D
341. B	342. D	343. C	344. B	345. D	346. D	347. A	348. C	349. D	350. C
351. A	352. A	353. C	354. B	355. B	356. D	357. C	358. D	359. A	360. A
361. B	362. D	363. D	364. C	365. D	366. B	367. A	368. D	369. C	370. C
371. B	372. A	373. D	374. B	375. C	376. D	377. C	378. B	379. A	380. B
381. D	382. B	383. B	384. D	385. B	386. A	387. D	388. C	389. C	390. A
391. B	392. C	393. B	394. C	395. C	396. B	397. A	398. B	399. B	400. C

Answers and Explanations

1. Answer: C — Inspirational motivation

Inspirational motivation is the use of a compelling vision, optimism and high expectations to give work meaning and energize followers. Idealized influence is the tempting alternative, but it centers on leaders modeling ethical behavior and earning trust as role models. Intellectual stimulation encourages people to challenge assumptions, and individualized consideration focuses on coaching each person.

2. Answer: B — Publish a summary prepared with counsel that protects privilege and pairs findings with remediation.

A counsel-reviewed summary gains trust and brand benefits from transparency while keeping the detailed analysis privileged, and pairing results with remediation shows accountability. Releasing the full analysis can waive privilege and create litigation exposure. Waiting for a zero gap may mean never publishing, and the raw gap alone lacks the context the company needs to explain its results.

3. Answer: C — Assess the practice's exposure under privilege first, then decide on mediation based on risk, not on vindication

Mediation is voluntary and confidential and is not an admission of liability, so the choice should rest on a privileged assessment of how strong the claim is and how large the systemic exposure could be. Waiting for vindication through investigation risks a cause finding and broader scrutiny of a systemic practice. Pausing review of a potentially discriminatory practice leaves the underlying risk in place.

4. Answer: A — Pilot skills-based hiring in some roles and compare performance and retention with current hires.

A controlled pilot with clear outcome measures gives executives evidence from their own workforce, which directly answers the quality concern and reduces the risk of a full rollout. Peer examples help but do not prove the approach works in this company, an all-at-once change takes on the very risk executives fear, and keeping degree screens defeats the purpose of the shift.

5. Answer: A — The dollar cost of that payroll rises even though local pay has not changed.

When a local currency strengthens against the reporting currency, each unit of local pay costs more dollars, so the consolidated labor cost rises with no change in local salaries. This is why multinationals budget at planned exchange rates, monitor variances and may hedge. Employees paid in local currency see no change in their own pay from the exchange movement.

6. Answer: B — Shared services and self-service tools are too weak to absorb routine requests.

The HRBP model depends on a strong service backbone: if shared services and self-service cannot handle routine work, it flows back to HRBPs and crowds out strategic partnering. Reporting lines are tempting as an explanation, but HRBPs who report to business leaders are, if anything, pulled toward business issues rather than transactions.

7. Answer: D — Qualifications need objective, job-related measures, because arbitrators review whether they were applied fairly and consistently.

Under relative-ability language, management's assessment remains subject to the grievance procedure, and arbitrators commonly ask whether the criteria were job-related and applied consistently and without discrimination. Objective, documented measures make promotions defensible and reduce disparate-impact risk. No federal law makes seniority controlling or requires NLRB approval, and relying mainly on subjective supervisor ratings invites both grievances and discrimination claims.

8. Answer: D — Already engaged employees may have opted into the training, so the link may not be causal.

Because participation was voluntary, the groups may have differed before training, so the score gap shows correlation, not causation. A stronger design would compare pre- and post-training scores or use a matched control group. An 8-point difference can matter, and engagement can be measured reliably; the issue is the comparison design.

9. Answer: B — Repeat-offender rate among employees with substantiated findings, tracked over time

Deterrence means that people found responsible do not do it again, so a falling repeat-offender rate is the most direct signal. Cycle time measures efficiency, and substantiation rate reflects case mix and investigator judgment rather than behavior change. Case volume can rise when trust in reporting improves, so it does not show deterrence by itself.

10. Answer: B — Secure strong management-rights and no-strike clauses, since without them many changes need bargaining.

Once a union is certified, the employer generally may not change mandatory subjects without bargaining, so a well-drafted management-rights clause preserves operating flexibility and a no-strike clause, paired with grievance arbitration, provides labor peace during the term. Relying on implied reserved rights is risky because the Board's standard for judging whether a contract permits unilateral changes has shifted over time, and clear contract language gives the most protection under any standard. Deferring operating terms leaves the company bound by the status quo.

11. Answer: A — Grants based on need, decided by an independent committee using objective criteria

IRS guidance on employer-sponsored disaster relief charities calls for aid based on an objective determination of need, with recipients chosen by an independent committee or using objective criteria, so the fund serves a charitable class rather than mainly benefiting the employer. Equal grants regardless of need and selection based on performance look like compensation. Payroll-processed bonuses are pay, not charitable assistance.

12. Answer: C — Cite research that employees want the business case from senior leaders, and offer to prepare the COO

Change research such as Prosci's shows employees prefer to hear why a change is happening from a senior leader and how it affects them from their direct supervisor, so the sponsor must deliver the business case while HR helps prepare him. Having HR or plant managers deliver every message removes the sponsor's visible ownership, and written updates alone reduce the credibility and two-way dialogue a consolidation needs.

13. Answer: D — Assess span needs by type of work and risk before applying any layer cuts to each unit

Peer benchmarks do not account for differences in work complexity, regulatory risk or the need for close supervision, and the company's own data show that the last delayering hurt quality. Analyzing span needs unit by unit lets the company capture savings where wide spans work while protecting high-risk operations. Rejecting the proposal outright gives up possible gains, and adding inspectors treats the symptom while adding cost.

14. Answer: B — Structured, proctored or live work samples that mirror the job, including AI use where it is allowed

Live or proctored work samples that mirror real job tasks let employers observe what candidates can actually do, and they can be designed to reflect allowed AI use on the job. Unproctored tests stay open to AI help regardless of length. Online personality questionnaires can also be gamed with AI coaching, and resumes are now easily generated, which weakens them as signals.

15. Answer: C — Add anonymous, independently run worker channels in local languages, tied to follow-up.

Worker voice tools, such as anonymous mobile surveys and hotlines in local languages run by a third party, let workers report problems without fear of reprisal and provide continuous data between audits, as long as reports lead to remediation. More announced audits share the same weakness that lets factories prepare. Manager-led town halls and cameras do not remove the fear that keeps workers silent.

16. Answer: B — Consolidate the complaints into one investigation, act on the manager's conduct under policy, and acknowledge the issue to attendees.

A single recorded incident with many reports can be handled through one consolidated investigation that confirms context and the manager's history, followed by discipline consistent with policy and an acknowledgment to the people affected. Separate full investigations of the same recorded event waste resources without adding facts. Same-day termination skips due process and consistency review, and staying silent leaves employees thinking the company tolerates the conduct.

17. Answer: D — Building costs after approval can qualify; this lifts near-term earnings

Under ASC 350-40, costs of developing internal-use software can be capitalized once management has authorized and funded the project and completion is probable. Early planning and post-implementation maintenance costs are expensed. Capitalizing moves costs to the balance sheet and spreads them over future periods through amortization, which raises current-period earnings. The partly correct option that says earnings fall gets the timing of the expense backwards.

18. Answer: C — It is protected opposition, even though she was answering an investigator's questions rather than complaining herself.

In Crawford, the Supreme Court held that an employee who describes discriminatory conduct in response to questions in an employer's internal investigation is engaged in protected opposition under Title VII. Witnesses therefore need the same retaliation safeguards as complainants. The argument that internal investigations fall outside the participation clause does not matter, because the opposition clause covers this conduct.

19. Answer: B — Present an inventory of HR AI uses rated by risk, with controls, gaps, owners and plans to close gaps.

A board risk committee needs an enterprise view it can oversee: what AI is in use, how risky each use is, what controls exist, where the gaps are, and who owns fixing them. Model-level technical detail is too granular for board oversight. Vendor due diligence does not show ongoing risk, and a summary of efficiency gains answers a different question than the one the committee asked.

20. Answer: D — A short battery of valid, job-related steps tested for impact, cost and candidate experience

A well-designed battery of short, job-related measures, such as a brief cognitive test, a work sample and a structured interview, balances validity, adverse impact, cost and candidate experience. A single cognitive test is cheap but likely to show adverse impact and miss key skills. A full assessment center is too costly and slow for 2,000 hires a year, and unstructured interviews are less valid and can still produce adverse impact.

21. Answer: C — Escalate to the deal team and counsel to investigate and require remediation or protections before signing.

An acquirer can inherit liability for a target's ongoing bribery, and enforcement guidance rewards companies that find, investigate and remediate such conduct before or promptly after closing. The finding should go to counsel and the deal team to shape the investigation, pricing, indemnities and remediation plan. Recoding the payments would hide them, and stopping them after closing ignores the need to investigate what already happened.

22. Answer: B — Enforce data return or deletion terms, retain required records, and select and validate a replacement in time.

The CHRO must protect continuity and compliance at the same time: use the contract's exit terms to recover or securely delete candidate data, keep records required under employment and data protection laws, and select and validate a replacement before the tool goes dark. Transferring candidate data directly to a new vendor raises purpose-limitation and cross-border transfer issues that need legal review. Waiting until the exit date leaves no time to validate a successor tool.

23. Answer: C — Spending moves from capital to operating expense, and the vendor sets the upgrade schedule

Cloud subscriptions replace up-front license and hardware purchases (capital expense) with recurring fees (operating expense). Because the vendor runs one code base for all customers, it controls the release cycle, so HR must plan for regular updates rather than choosing when to upgrade. Keeping full control of custom code describes the on-premise model, where heavy customization is possible but costly to maintain.

24. Answer: C — That a valid GDPR transfer mechanism, such as Data Privacy Framework certification or standard contractual clauses, applies.

Transfers of personal data from the EU to the United States require a lawful transfer mechanism under the GDPR, such as the vendor's EU-U.S. Data Privacy Framework certification covering HR data or standard contractual clauses with supporting assessments. Employee consent is generally considered unreliable for routine HR processing because of the power imbalance in employment, and transfer rules apply within a corporate group as well.

25. Answer: A — Perform and document comparative analyses of their NQTLs and provide them to regulators on request.

Since 2021, group health plans that impose NQTLs, such as prior authorization or network admission standards, on mental health or substance use disorder benefits must perform and document comparative analyses showing those limits are comparable to and no more stringent than those on medical and surgical benefits, and must make them available to regulators on request. NQTLs are not banned, and the analyses are not filed with the Form 5500.

26. Answer: A — Work with trade counsel to compile tracing records that show where the cotton came from.

The UFLPA creates a rebuttable presumption that goods made wholly or in part in Xinjiang, or by listed entities, involve forced labor, so the importer must show with detailed supply chain tracing documents that the goods are outside the law's scope, or meet the strict standard for an exception. A supplier's signed statement alone is not enough evidence. The burden is on the importer, not Customs, and a blanket exit announcement does not resolve the detention.

27. Answer: B — Written targets, resistance points and walk-away conditions, with a set process for revisiting them.

A clear mandate defines what the company wants, the most it will concede and what conditions would lead it to walk away or take a strike, and it builds in a way to adjust as talks evolve. Clearing every move with the CEO slows talks and undercuts the negotiator's credibility. Disclosing the resistance point gives away the company's bargaining range.

28. Answer: A — Employee lifetime value

Employee lifetime value estimates the net value an employee produces over the full employment relationship, taking acquisition, development and compensation costs into account. Human capital ROI measures the return on people spending for the organization over a period, not across an individual's tenure. Total cost of workforce counts only costs, and revenue per employee is a single-period productivity ratio.

29. Answer: B — Change the criteria for hiring and promoting leaders so only those who model the target behaviors advance.

Who gets selected and promoted into leadership is one of Schein's primary embedding mechanisms, and it signals to everyone what the organization truly values; here the data confirm employees watch promotions. Value campaigns and physical space are secondary reinforcers in Schein's model, and mandatory training changes little if the people rewarded with power still display the old behaviors. A values campaign is the most tempting choice, but slogans that conflict with promotion decisions tend to breed cynicism.

30. Answer: C — Gather confidential employee input on awareness, trust in neutrality, and fear of retaliation as barriers to use

Low use with rising formal complaints suggests barriers such as low awareness, doubts about neutrality or fear of retaliation, and diagnosing them should come before any redesign. Making mediation mandatory undermines its voluntary nature and the trust it depends on. Ending the program skips diagnosis, and incentives may pressure employees into settlements.

31. Answer: A — Stop the unapproved use, assess the data exposure, and offer a vetted tool with clear rules and manager training

Shadow AI signals unmet demand plus a governance gap. The enterprise response contains the immediate risk, evaluates what applicant data was exposed and whether notice is required, and then channels demand into an approved, tested tool with clear rules and training. Discipline alone does not fix the cause, and self-assessments leave unvetted tools screening candidates.

32. Answer: A — Quantify current attrition costs for this group and project savings from realistic retention gains.

Executives respond to business cases that connect a people investment to financial outcomes. Quantifying the cost of current turnover and projecting savings from realistic retention improvement frames flexibility as a return on investment. Survey comments, competitor practices and values arguments can support the case but do not show the business impact on their own.

33. Answer: B — Delay the announcement and inform and consult the works council before any final decision

German and EU law give works councils information and consultation rights on operational changes such as closures, and consultation must happen while the decision can still be influenced. Announcing a final decision first can expose the company to injunctions, invalidated dismissals and damaged labor relations. Enhanced severance and manager briefings do not replace the required consultation process.

34. Answer: A — A machine-learning tool that scores applicants, where recruiters advance only those above a set cutoff

The law covers computational processes based on machine learning, statistical modeling, data analytics or AI that issue a simplified output, such as a score or ranking, used to substantially assist or replace discretionary decisions on hiring or promotion. Relying on a score as a cutoff for who advances is the clearest example. Storing, sorting and scheduling tools do not produce the output, and a recruiter's own keyword search leaves the discretionary judgment with the recruiter.

35. Answer: A — Coalition tactic; the CEO may feel pressured and resist the proposal

Enlisting others to help influence a target is Yukl's coalition tactic. It can work when the target values the allies' views, but if the target sees it as ganging up, it often produces resistance and resentment. Consultation invites the target to help shape a plan, legitimating tactics rely on authority or policy, and exchange offers something in return.

36. Answer: B — Ethics is built into strategy, incentives and decisions, and leaders are judged on how results are achieved.

At the integrated stage, ethics shapes how the business sets goals, designs incentives and makes decisions, and leaders are accountable for how they achieve results. Writing policies after incidents marks a reactive stage. Measuring success by completion rates and sign-offs reflects a compliance-focused stage that tracks activity rather than culture.

37. Answer: B — Rationalization

The fraud triangle holds that fraud requires pressure, opportunity and rationalization. Internal controls such as segregation of duties reduce opportunity. Culture programs, ethical leadership and clear values target rationalization by making it harder for employees to convince themselves that misconduct is acceptable. Detection and concealment are not elements of the triangle.

38. Answer: D — Tying a significant part of executive pay to long-term shareholder value through equity and performance goals.

Agency theory holds that managers (agents) may pursue their own interests rather than those of owners (principals). Linking a meaningful share of pay to long-term shareholder value, through stock ownership and performance-based equity, gives executives a stake in the same outcomes as shareholders. Higher fixed pay and guaranteed severance reduce that link, and bonuses for activity reward effort rather than value created.

39. Answer: D — Schedule in-office days around mentoring, shadowing and team problem-solving

Early-career employees learn heavily through observation, informal feedback and access to experienced colleagues, so in-office time should be scheduled for those activities with mentors present. Requiring new graduates in the office alone does not help if the experienced people are not there, e-learning cannot replace informal learning, and a longer probation does not change how skills are built.

40. Answer: B — Map workers' skills and contract terms to open roles, then choose options with operations and the union.

Rapid redeployment still requires knowing who can do what and what the collective bargaining agreement allows, so the CHRO first matches skills and contract obligations to openings, then decides with operations and, where required, through bargaining with the union. Transferring everyone at once ignores the skill gaps and possible bargaining duties. Blanket layoffs or a quick transfer-or-severance choice can lose skilled workers needed when the plant restarts, and either may also require bargaining.

41. Answer: D — Build a 90-day integration plan with stakeholder mapping, a team assimilation session and early feedback points.

External senior hires fail at high rates, often because of relationship and culture issues rather than skills. A structured integration plan helps the COO learn the culture, build key relationships, including with the passed-over internal candidates, and receive early feedback. Standard orientation is too general, hands-off autonomy leaves the risks unmanaged, and an evaluative 360 at 30 days is premature and measures too little.

42. Answer: D — Weigh the offense's nature and severity, the time since it occurred, and its link to the job, and hear context.

Blanket bans can have a disparate impact by race and national origin, and courts have long looked at the nature and gravity of the offense, the time elapsed and the nature of the job. An individualized review that lets candidates explain context ties decisions to real job risk and must still follow state and local fair-chance laws. Felony-only bans remain blanket rules, and letting each site decide invites inconsistency.

43. Answer: D — Triage at intake, send compliance matters to ethics and legal, and route workplace concerns to ER.

A tiered intake model sorts reports by type and risk, sends compliance issues to ethics and legal and routes workplace concerns to ER with service-level targets, so serious matters move quickly. Barring interpersonal concerns from the hotline removes an important channel, especially when the manager is the problem. A single queue or added staff without redesign leaves high-risk reports waiting.

44. Answer: A — Identify the traits this strategy needs, treating the competitor as one reference

Culture is embedded in a company's own history, strategy and systems, so copying another firm's culture rarely works. The best approach defines the behaviors this company's strategy requires and treats the competitor as one source of ideas. Hiring a few outsiders cannot transplant a culture, and culture can be shaped deliberately over time.

45. Answer: C — Notify affected employees in private conversations, then brief remaining staff right after

Telling people they are losing their jobs on a mass call is widely viewed as disrespectful and creates reputational risk. A better design has trained managers or HR hold private, scripted conversations with each affected employee, followed quickly by a communication to remaining staff explaining the reasons and next steps. Cameras-off calls or advance emails are still impersonal, and changing the access timing does not address the core problem.

46. Answer: D — Dialectical inquiry builds a competing plan from opposite assumptions; devil's advocacy critiques one plan

In dialectical inquiry, a group develops a counterplan based on opposing assumptions and the two plans are debated so a synthesis can emerge; in devil's advocacy, a person or group critiques the proposed plan without offering a full alternative. Reversing the definitions is the common error, and anonymous written rounds describe the Delphi technique.

47. Answer: D — Low unemployment in the occupation, rising wage growth for it, and a high rate of voluntary quits.

A tight market for a specific occupation shows up as low unemployment for that occupation, faster wage growth as employers compete, and high quits as workers feel confident leaving for better offers. These signals justify higher pay, broader sourcing, and longer lead times. National unemployment can hide occupation-level shortages, and rising applications, low quits, and layoffs all point to a looser market.

48. Answer: D — Recurring revenue growth, customer retention and relative TSR

Subscription value is driven by growing annual recurring revenue and keeping customers (retention and churn), and a market measure such as relative total shareholder return (TSR) aligns executives with shareholders over the long term. License volume and per-unit margins reward the old model, short-term EPS can fall during a subscription transition as revenue is recognized over time, and headcount or release counts are activity measures.

49. Answer: C — Use a decision framework that weighs ties to mission, operations and stakeholders

A consistent framework, such as asking whether the issue affects the company's mission, operations, employees or customers and whether the company has credibility to act, lets leaders decide in a principled and repeatable way and explain the decision to both sides. A petition shows strong views but not consensus. A blanket never-comment rule may not fit future issues that do affect the business, and a majority vote ignores the stakeholder impact the decision should rest on.

50. Answer: D — A central team that applies one standard while assessing each request and role on its own facts

Title VII requires an individualized assessment of each request: whether a sincere religious belief conflicts with the requirement, and whether an accommodation such as testing, masking or reassignment is possible without substantial increased costs for that role. A central team keeps standards consistent across the system. Blanket denial ignores the individualized test, blanket approval may compromise safety for high-risk roles, and an employee's belief need not match an official church position.

51. Answer: C — Clear notice and assent, mutual obligations and consideration valid under state contract law

Arbitration agreements are enforced as contracts, so enforceability against current employees turns on state contract law: clear notice, evidence of assent, mutual obligations and consideration that the state recognizes, such as continued employment in some states or a payment in others, plus fair procedural terms. A unilateral right to change or cancel the agreement can make it illusory. No NLRB approval is required.

52. Answer: D — Tighten only where risk requires it, such as safety and compliance, allow flexibility elsewhere, and set norms jointly.

Research on tight-loose clashes shows they are a major source of merger failure, and the recommended approach is ambidexterity: tight where error is costly, loose where creativity drives value, with norms negotiated jointly. Imposing every rule quickly risks losing the talent and agility the deal was meant to buy. Full autonomy leaves real control risks unaddressed, and training only explains rules that may not fit.

53. Answer: B — Secure the VP of Operations as the primary sponsor, with the HR director supporting the change

A sponsor must have authority over the people and processes being changed, and here only the VP of Operations has that authority over operations managers. The HR director lacks line authority, so issuing directives or corrective coaching from HR will not create legitimacy, and training does not fix the mismatch between the sponsor and the affected organization.

54. Answer: D — Have the board agree on criteria tied to future strategy, then use independent assessments against them.

CEO succession is a board responsibility, and the best way to counter advocacy is to agree first on what the next CEO must deliver and then assess both candidates objectively, often with outside assessors, against those criteria. Adding external candidates merely to avoid conflict sidesteps the problem. Delegating the choice to the outgoing CEO weakens board oversight, and an early vote would simply ratify whichever faction is larger.

55. Answer: D — Segments value different things, but one core promise keeps the brand consistent and credible.

Engineers, frontline workers and new graduates weigh different parts of the employment deal, so emphasizing what matters to each segment makes messages more relevant. Keeping one core promise prevents a fragmented or contradictory brand. No law requires segmented messages, a single message tends to be generic, and unmanaged unit brands undermine consistency.

56. Answer: D — Sharing facts and opinions while avoiding threats, interrogation, promises and surveillance

Supervisors may lawfully share facts, opinions and examples about unionization, but they must avoid threats, interrogation, promises and surveillance (often summarized as TIPS), which are unfair labor practices under the NLRA. Asking employees about their union sentiment is unlawful interrogation, and promising raises if the union loses is an unlawful promise of benefit. Total silence is lawful but leaves employees without the employer's perspective.

57. Answer: A — Within 60 days after the date the change is adopted

ERISA requires that a material reduction in covered services or benefits under a group health plan be communicated to participants within 60 days after the change is adopted, unless the plan uses the alternative of providing descriptions at regular 90-day intervals. The 210-day deadline after the plan year ends is the general SMM rule for other plan changes, so it is the most tempting wrong answer.

58. Answer: A — Test federal WARN site by site, with aggregation, then apply each state's own law

Federal WARN sets a floor and does not preempt state plant-closing laws, several of which have lower employee thresholds, smaller layoff triggers or longer notice periods than 60 days. A sound review therefore applies WARN's site-level tests (including 90-day aggregation) and separately checks each state's law. Blanket 60-day notice is tempting but can fall short where a state requires 90 days, and small site losses can still trigger notice under aggregation or state rules.

59. Answer: C — Move toward more accommodative strategies, such as apology and compensation.

Coombs's theory holds that the more responsibility stakeholders attribute to an organization, the more accommodative its response should be, moving from basic instructing information toward rebuilding strategies such as apology and compensation. Denial fits only when the organization is not responsible, such as with a false rumor. Waiting for legal certainty lets others define the story.

60. Answer: D — Define family by company criteria, offer equivalent support where visas fail, and brief candidates candidly on risks.

An equitable global policy keeps the company's own definition of family for benefits and support, then uses alternatives such as separate work or student visas, extra home leave, or commuter arrangements where host law blocks dependent status, while briefing employees honestly on legal and safety risks. Adopting host-country definitions removes support the company gives other families. Excluding these employees from assignments limits their careers on a protected basis.

61. Answer: A — Share anonymized, aggregated workforce data in a controlled data room and defer identifiable details until closer to closing

Before signing, the deal may not happen, so disclosure should be limited to what the buyer needs to value the workforce: headcount, cost, tenure, turnover, benefit liabilities and key-role summaries, anonymized and aggregated in a controlled data room. An NDA does not make it necessary or proportionate to hand over medical and performance records. Refusing all information would stall a legitimate transaction, and removing only Social Security numbers still exposes sensitive data.

62. Answer: C — Fund required training efficiently, then rank strategic programs by business impact with leaders' input.

Legally required training must be delivered, but it can often be delivered more efficiently, and the remaining funds should go to programs ranked by their contribution to strategy, with senior leaders helping set priorities. Cutting required training below what is needed creates legal risk, across-the-board cuts weaken every program, and deferring all strategic work ignores the strategy the budget should support.

63. Answer: B — The host records their injuries on its OSHA log and provides site-specific hazard training.

OSHA treats the host and staffing agency as joint employers for safety purposes. The employer that supervises day-to-day work, usually the host, records injuries on its OSHA 300 log, and the host is best placed to train on site-specific hazards, while the agency provides general training and checks that the host meets its obligations. Treating the agency as solely responsible leaves gaps that OSHA has targeted in enforcement.

64. Answer: B — Randomly assign half the sites to start now, compare them with the rest, then roll out to all

Randomly assigning sites to treatment and control groups balances other differences between them, so differences in outcomes can be credited to the program. A phased rollout lets every site get the program while keeping a valid comparison during the pilot. Before-and-after comparisons are distorted by other changes over time, and letting managers opt in or picking top sites introduces selection bias.

65. Answer: A — They control how freed time and budget are redeployed, so savings become real through them.

Time saved becomes value only when the leaders who manage the work redirect it, for example by changing staffing, budgets or priorities, so accountability for realized benefits belongs with the people who control those levers. HR still supports measurement and adoption, so its role does not end at purchase. Data availability is not the reason for ownership, and liability rests with the employer rather than individual unit leaders.

66. Answer: A — Frame the results as a shared business and legal risk, explain the method, and propose concrete remedies.

A 70% selection ratio falls below the 80% rule of thumb for adverse impact, so the CHRO must make the risk clear while lowering defensiveness: framing it as a shared risk, explaining the method so the results are credible, and offering remedies. Softening the findings to spare egos undermines the response. The vendor has a conflict of interest, and sending the audit without discussion invites the executives to dig in.

67. Answer: B — Uncertainty reduction theory, because information lowers the stress of not knowing

Uncertainty reduction theory holds that people are motivated to reduce uncertainty and that information seeking and regular communication lower anxiety, so even updates without final answers help by explaining what is known and when more will come. Social exchange theory is tempting because updates can build goodwill, but it explains reciprocity, not why information itself relieves anxiety. Equity and expectancy theories address fairness and motivation.

68. Answer: A — Keep participation voluntary, require disclosure of employment in product posts, and avoid rules that chill protected speech.

FTC endorsement rules require disclosure of a material connection, such as employment, when employees promote products. A voluntary program avoids coercion and backlash, and any rules must not restrict employees from discussing working conditions as protected by Section 7. Tying participation to performance makes it coercive. Banning all non-approved posts about the company is overbroad, and leaving disclosure optional is inconsistent with FTC guidance, especially when shares are paid.

69. Answer: B — Phased rollout in successive waves of sites or modules

A phased rollout deploys in waves, so lessons from early sites reduce risk for later ones, but it lengthens the overall timeline. A big-bang cutover or a single global launch is faster but concentrates risk. Parallel operation reduces the risk of system failure by running both systems at once, but its main cost is duplicate work and resources at every site, and it offers no wave-by-wave learning.

70. Answer: B — People and processes need time to build proficiency, so output dips while new routines are learned

The J-curve reflects the learning period after a change: people are less efficient with unfamiliar tools and processes, and workarounds and fixes take time, so performance dips before gains appear. Deliberate slowdowns can happen but are not the general explanation. The dip is expected and temporary, which is why leaders should forecast it and track leading indicators of adoption.

71. Answer: D — Model the savings against turnover, morale and solidarity risks, and consider a tier that merges over time.

Permanent two-tier structures produce growing savings but often create resentment, higher turnover among new hires and divisions that can surface in later bargaining or strikes. A strategic analysis weighs those long-term costs, and a tier that merges over time can capture savings with less damage. Two-tier scales based on hire date are not equal pay violations, and secrecy is not possible in a negotiated agreement.

72. Answer: C — Route demand letters, agency charges and suits to the insurance contact promptly

Claims-made EPLI policies typically require prompt written notice of a claim as the policy defines it, which often includes demand letters and agency charges. Late notice can cost the company coverage. Settling without insurer consent can also breach the policy, so the protocol should send triggering events to the person who manages insurance notices.

73. Answer: A — Building core values into hiring criteria and interviews, and onboarding new leaders deliberately into the culture.

During hypergrowth, new hires soon outnumber the people who carry the culture, so the most reliable safeguards are values-based selection and deliberate onboarding, especially of new leaders who will shape their own teams. Publishing values without building them into decisions has little effect. Founder interviews for every hire do not scale and would stall the growth plan, and leaving norms entirely to chance invites fragmentation.

74. Answer: C — Build adoption metrics, recognition and leader accountability for using the new system

Reverting to old habits after launch signals a gap in Reinforcement, the final ADKAR stage, which is sustained through measurement, rewards, corrective action and accountability. Additional training is tempting, but it targets Knowledge and Ability, and the problem here is that people who have already used the system are slipping back. Repeating the business case and holding desire forums address Awareness and Desire, which are earlier stages.

75. Answer: A — Conduct a role-by-role duties and salary analysis with counsel before deciding which positions, if any, can be reclassified.

FLSA exempt status depends on the actual duties performed and the salary basis and level tests, not on a title or a cost goal, and misclassifying a large group creates major back-pay and liquidated-damages exposure. A duties analysis with counsel is the only sound basis for any change. Employee acknowledgments cannot waive FLSA rights, and a pilot that relies on no complaints simply misclassifies a smaller group.

76. Answer: C — Explain why the board needs the trend, and propose presenting it with context and an action plan.

Withholding a material human capital risk from a board charged with overseeing it would compromise the CHRO's integrity and the board's governance role, so the CHRO should push back with the CEO while addressing his concern by framing the data with context and a plan. Going around the CEO secretly undermines trust, and delaying the trend or blending it into an average hides the same information.

77. Answer: A — The disclosure lists the ages of those selected and not selected, giving plaintiffs ready data for a statistical case.

For group terminations, OWBPA requires employers seeking valid waivers to disclose the decisional unit, eligibility factors, time limits, and the job titles and ages of everyone selected and not selected. That data goes straight to employees and their lawyers, effectively providing a ready statistical analysis. The disclosure is not filed with the EEOC, it does not require performance ratings, and one employee's charge does not void the other releases.

78. Answer: C — Fund initiatives as portfolios grouped by strategic theme, separate from the operating budget.

Kaplan and Norton recommend rationalizing initiatives and funding them as portfolios aligned to strategic themes, with a separate strategic budget so they are not squeezed out by operating priorities. Funding by highest projected return is tempting, but it ignores whether initiatives work together to deliver a theme. Funding through departmental budgets is what lets disconnected initiatives multiply.

79. Answer: D — Knowledge is captured in shared systems, processes and routines, so it remains when individuals leave.

Organizational learning occurs when what individuals learn is embedded in shared structures such as processes, systems, documentation, norms and routines, so the organization retains and builds on it beyond any one person. Training hours measure activity, organizational learning can come from informal sources and is not limited to executives' knowledge.

80. Answer: B — Absorbing all saved time into higher targets can drive burnout and erode the quality and engagement gains.

When every hour saved becomes more work, intensity rises, recovery time shrinks and the time needed for judgment, learning and quality review disappears, which leads to burnout and turnover. A better approach is to decide deliberately how saved time is reinvested, for example in higher-value work, development and some workload relief. Exempt employees are not owed overtime under the FLSA, so the overtime concern is a legal near miss.

81. Answer: A — Review that region's denials to see whether undue hardship was assessed and documented correctly

A large difference in denial rates is a warning sign, but HR first needs the facts: whether managers applied the Groff standard of substantial increased costs, considered alternatives and documented their reasons. The review shows whether the cause is training, process or bias, and points to the right fix. Forcing approvals or imposing discipline before the review acts without evidence, and accepting the explanation leaves possible violations in place.

82. Answer: B — The scores may mainly reflect those who stayed, so exit data and response rates need review.

When scores rise while the same group exits faster, the survey may be capturing only the more satisfied people who remain, while those who felt excluded leave. The CHRO should examine exit interview themes, response rates and subgroup results before drawing conclusions. Assuming market causes or discarding the survey are premature, and the two measures are clearly related.

83. Answer: D — Investigate with counsel, require contractor certifications and audits, and act on results

Federal law prohibits using contract labor while knowing the workers are unauthorized, so a credible report creates a duty to look into it. The best response is a counsel-led inquiry plus contractual certifications, audit rights and remedies, with action based on the findings. Completing I-9s for another company's workers can blur employment status, and terminating at once acts before the facts are known.

84. Answer: C — A crisis team with clear decision rights, a single communication channel, and a regular update schedule

In a crisis, defined roles, decision authority and one consistent communication channel prevent confusion and conflicting messages, so the CHRO can then pursue contingency options such as off-cycle payments. A forensic investigation is important but belongs to IT security and comes later. Promising on-time pay before it's confirmed risks credibility, and separate unit teams fragment the response.

85. Answer: B — One global standard process, with exceptions only where local law requires them

Standardizing globally while allowing legally required variations balances efficiency and data consistency with compliance. Accepting local preferences recreates fragmentation, and allowing no exceptions would make the system noncompliant in countries with specific legal requirements.

86. Answer: B — Start with the strategy-based CEO profile, then candidate readiness and the emergency plan

Board succession discussions work best when they begin with what the future CEO must deliver given the company's strategy, then assess candidates' readiness against that profile, the development needed to close gaps, and the emergency or interim plan. This keeps directors focused on the decision they must make. Long biographies, pay benchmarks and process reviews are supporting material that crowds out the decision.

87. Answer: D — Need-to-know access controls, signed confidentiality agreements, and exit reminders of obligations

Under the Defend Trade Secrets Act and state trade secret laws, the owner must show reasonable measures to keep the information secret. Layered practices such as access limits, written agreements and exit reminders are strong evidence. Marking everything confidential dilutes the label and weakens the claim. A handbook policy alone or a general duty of loyalty is weak evidence that the company actively protected the information.

88. Answer: A — Servant leadership

Servant leadership puts serving followers' growth and well-being first, with organizational results seen as an outcome of that service and the leader acting as steward. Transformational leaders also develop people, but their primary focus is inspiring followers toward the leader's vision for the organization. Transactional leadership relies on exchanges of rewards for performance, and situational leadership adjusts style to follower readiness.

89. Answer: C — Employers with 250 or more employees

Gender pay gap reporting in Great Britain applies to employers with 250 or more employees on the snapshot date. They must publish the mean and median hourly pay gaps, bonus gaps, the proportions of men and women receiving bonuses, and the gender split across pay quartiles. Employers below 250 employees may report voluntarily, but the 50-, 100- and 500-employee figures are not the statutory threshold.

90. Answer: A — Have leaders from both sets of ERGs co-design a combined structure that keeps what members value

Joint design with leaders from both organizations builds trust, preserves practices and traditions that matter to members and creates a structure that fits the combined company. Immediate absorption confirms members' fears and loses what worked. Indefinite separation blocks a shared culture, and dissolving all groups removes support at the moment employees most need it.

91. Answer: C — $47,736,000

Next year's headcount is 500 x 1.02 = 510, and the average cost rises to $90,000 x 1.04 = $93,600, so the projection is 510 x $93,600 = $47,736,000. Adding the percentages to get a 6% increase on the current $45,000,000 gives $47,700,000, which misses the compounding of the two effects. Applying only the merit increase ($46,800,000) or only the growth ($45,900,000) understates the cost.

92. Answer: A — In building Knowledge and Ability, after Awareness of the need and Desire to change exist.

ADKAR stands for Awareness, Desire, Knowledge, Ability and Reinforcement. Training mainly builds Knowledge of how to change and supports Ability to apply it, and it works best after people understand why the change is happening and want to take part. Awareness and Desire are built mainly through leadership communication and involvement, and Reinforcement through recognition, measurement and accountability.

93. Answer: B — Link the AI roadmap to future workforce needs by defining the skills, roles and work redesign it requires.

HR's strategic contribution is to connect the AI ambition to talent strategy: what work changes, which skills and roles are needed, and how the workforce gets there. Adding a list of HR automation projects keeps the strategy tool-centric, and waiting for tool selection makes HR reactive. A hiring freeze is a tactic that presumes outcomes before the work has been analyzed.

94. Answer: A — Clear escalation rules that route sensitive or complex issues to people, with quality checks on AI answers

A tiered model works only if issues move to the right tier, so sensitive matters such as harassment, accommodation or leave reach people quickly and AI answers are checked for accuracy. Forcing every question through the assistant risks mishandling cases with legal stakes. Cutting staff to match projected deflection is the common trap, since actual deflection rates must be proven before capacity is removed.

95. Answer: C — As a strategic execution risk, with a plan and measures to realign behaviors, rewards, and leadership

A culture built for a different strategy threatens execution, and boards are responsible for overseeing strategic risk, so the CHRO should frame the misalignment as a risk with a remediation plan and measures. Training alone cannot overcome reward systems and norms that still reinforce the old behaviors. Treating the culture as purely operational keeps a material risk away from the board.

96. Answer: C — To engage the whole system at once in shared strategic direction setting

Large-group interventions such as future search and open space bring many stakeholders from across the system into the same room so they can build a common picture of the future and commit to action together. Anonymous expert forecasting describes the Delphi technique, conflict between two departments is addressed by intergroup interventions, and coaching is an individual-level intervention.

97. Answer: A — It is voluntary under federal law, so the choice rests on cost, culture and talent goals.

No federal law requires private employers to provide differential pay, although some state laws require it for public employees. Many employers offer it to support recruitment and retention of Guard and Reserve members and to signal a military-friendly culture. The decision therefore turns on cost, the size of the affected population and talent strategy.

98. Answer: D — Stakeholder theory, which holds that firms owe obligations to all groups affected by their actions

Stakeholder theory holds that a company has responsibilities to everyone who affects or is affected by it, including employees, communities, suppliers and customers, which gives HR an ethical basis for weighing workforce and community impacts. Shareholder primacy would treat those effects as relevant only to the extent they affect owners' returns.

99. Answer: C — Business units may bypass HR or underuse valuable services to avoid the charges

Per-transaction pricing can change behavior in unintended ways: units may handle HR matters themselves, skip advice or training, or avoid services that reduce risk. That can raise compliance exposure and push work into shadow HR. Clear allocation rules and service tiers help limit this effect.

100. Answer: D — Quantify turnover costs, show how enrichment would lower them, and test it with a pilot

With 60% turnover, the costs of recruiting, training, lost productivity and service errors are large and measurable, so a business case that ties enrichment to reduced turnover, tested in a pilot, speaks the CFO's language. A values-only argument will not persuade a cost-focused CFO, faster hiring accepts the waste, and pay may not be the main driver without data to show it.

101. Answer: D — Profit falls faster than revenue, prompting a look at flexible staffing

Operating leverage measures how strongly fixed costs magnify changes in revenue. When most costs are fixed, a 10% revenue drop causes a much larger percentage drop in operating profit. That is why leaders consider a larger variable or flexible share of labor cost. The same leverage magnifies gains when revenue rises, which explains why profits swing more widely in both directions.

102. Answer: D — Medical and accommodation data belong in separate confidential files, not in models that drive job decisions.

The ADA requires medical information to be kept in separate, confidential files and used only for limited purposes. Feeding it into promotion or flight-risk models risks decisions influenced by disability and broad access to protected data. Removing names does not solve the problem when the model still produces individual scores, and HR review of outputs does not change the fact that disability data shaped them.

103. Answer: B — Equity awards that vest only on multiyear performance tied to shareholder value

Agency theory holds that agents (executives) may act in their own interest at the principals' (shareholders') expense, so pay should align the two, typically through performance-contingent, long-term equity. High fixed salary and tenure-based perks reward staying rather than creating value. Short-term budget bonuses can encourage executives to hit annual targets at the expense of long-term shareholder value.

104. Answer: D — Exchanging currencies the other party values to build reciprocity

Cohen and Bradford's model is based on reciprocity: influencers identify what the other party values and offer "currencies" such as task-related resources, recognition or relationship benefits in exchange for cooperation. Legitimate power requires formal authority, which the CHRO lacks here. Coalition pressure and appeals to consistency are different influence tactics that do not involve trading something of value.

105. Answer: D — Workforce success

The workforce scorecard has four perspectives: workforce success, leadership and workforce behaviors, workforce competencies, and workforce mindset and culture. Workforce success is the outcome perspective, asking whether the workforce delivered the strategic results. Leadership and workforce behaviors is tempting, but it measures whether people act in ways that drive those results, not whether the results were achieved.

106. Answer: B — Set clear conduct and workload norms, hold engagement leaders accountable for them, and adjust staffing models for peak client work.

The concern mixes demeaning conduct with structural overwork, so the strategic fix sets explicit norms, ties them to partner accountability and changes staffing so client demands do not depend on hazing new graduates. Waiting for hotline data delays action on reports already received. Training alone does not change incentives, and higher pay does not remove ridicule or the burnout and attrition risk.

107. Answer: B — Treat past investment as a sunk cost and use the evidence to plan a careful redesign of the structure

When evidence shows a design itself is failing, continuing because of past spending is escalation of commitment; money already spent should not drive the decision, and the redesign should be planned with stakeholders to limit further disruption. Waiting another year or adding training is reasonable only when execution is the problem, which the review ruled out, and an abrupt reversal can add a second round of chaos without fixing what the new design needs.

108. Answer: A — The employer, which made the decision regardless of the tool's input

Employment discrimination laws hold the employer liable for its employment decisions, and relying on an AI recommendation does not transfer that responsibility to the tool or its vendor; the manager who acted on the output made the decision on the employer's behalf. Vendors may face their own claims in some situations, such as when they act as the employer's agent, but that does not reduce the employer's liability, and no presumption of equal sharing exists. This is why human review of AI outputs must be meaningful rather than a rubber stamp.

109. Answer: A — The functional manager owns the rating, using structured project-manager input weighted by time allocation.

Matrix appraisals work best with one accountable owner, usually the functional manager, who combines structured input from project leaders, weighted by how much time the employee spent with each. Rating alone misses most of the observed work. Using the lowest rating is arbitrary, and self-ratings are prone to leniency.

110. Answer: D — One or two mentors guide a small group, which extends mentor capacity and adds peer learning

Mentoring circles pair one or a few mentors with a group of mentees who meet regularly, so a scarce mentor reaches more people and mentees learn from each other. Purely peer mentoring is a different model, and limiting access to top performers does not solve the scale problem.

111. Answer: C — $720,000

Accrued PTO liability = employees x average unused hours x average hourly rate = 300 x 60 x $40 = $720,000. The $2,400 figure is the liability for one employee (60 x $40), and $72,000 and $7,200,000 result from misplacing the decimal. Finance teams typically record this liability on the balance sheet.

112. Answer: B — A special negotiating body of employee representatives

The European Works Council Directive provides for a special negotiating body made up of employee representatives from the covered countries, which negotiates the EWC's scope, makeup and functions with central management. Trade unions may advise it, and a home-country works council or EU institution does not negotiate the agreement.

113. Answer: D — Weak approval controls and incentive pressure enabled the fraud, beyond one person's choices

Root cause analysis keeps asking why until it reaches the system conditions that made misconduct possible and likely, not just the person who acted. Here the facts point to an approval control that did not work under volume and incentive pressure that created a motive. Disciplining approvers or retraining staff treats symptoms, and the same control and pressure would allow the next fraud.

114. Answer: A — Define acceptable AI use for candidates and shift weight to live, verified skill measures

Candidate AI use is now common, so a sound policy states what is acceptable (for example, drafting help) and what is not (misrepresentation or live assistance during assessments), then relies more on measures that show real skill, such as live structured interviews and work samples. AI detectors are unreliable and can reject qualified people. Ignoring the issue weakens selection quality, and signed pledges cannot be verified.

115. Answer: A — Fix the gaps the data shows before amplifying brand claims

An employer brand that overpromises drives early turnover and erodes trust, so the credible fix is to address the experience gaps and be transparent about progress. More advertising widens the gap, and questioning the data when it agrees with exit interviews delays action. Dropping purpose abandons a strategic position rather than making it true.

116. Answer: B — Present succession coverage for critical roles, retention risk for key people and plans to close gaps.

A risk committee needs to see exposure and mitigation: how many critical roles have ready successors, which key people are at risk of leaving, and what is being done, such as knowledge transfer and development, to close the gaps. A list of names identifies the people but not the risk level. Key-person insurance offers some financial protection but does not cover resignations or replace lost knowledge, and blanket retention agreements are costly and do not reduce dependency.

117. Answer: A — Plan design is a settlor act, but running the plan and choosing investments are fiduciary acts.

Decisions about whether to offer a plan and what benefits it provides are settlor functions made as the business owner. Administering the plan, deciding claims, and selecting and monitoring investments are fiduciary functions subject to ERISA's duties of prudence and loyalty. Fiduciary status depends on the functions a person performs, not on title, and directors who appoint and monitor fiduciaries carry that monitoring duty.

118. Answer: C — Choose the posture the business model can sustain, then align pay, supervision and voice practices to it.

A labor relations posture is an enterprise strategy, so it must fit the business model and workforce and be backed by consistent people practices over the long term. A union-free goal is not automatically cheaper, because it requires sustained investment in pay, supervision and employee voice. Letting each site pick its own posture produces inconsistent practices that unions and employees can exploit across the network.

119. Answer: A — Review the plan design and quota-setting process, including accelerators, for the next plan year.

Commission costs far above plan while overall bookings are near target suggest quotas were set too low in some territories or accelerators are too rich, so the fix is a design and quota review for the next plan period. Retroactively capping earned commissions can break the plan's terms, create wage-payment liability and destroy trust. Cutting top-producing territories or delaying payments addresses symptoms and can hurt sales results and morale.

120. Answer: D — Intraorganizational bargaining

Walton and McKersie's intraorganizational bargaining describes negotiators working to align conflicting goals within their own side so they can bargain with one voice. Reconciling the CFO and plant managers is this internal negotiation. Integrative bargaining involves joint problem-solving with the other party, distributive bargaining involves dividing fixed resources between the parties, and attitudinal structuring concerns the relationship between them.

121. Answer: D — Section 1981 has no damages cap, a longer filing period, no EEOC charge step, and covers employers of any size.

Section 1981 bars race discrimination in making and enforcing contracts, including employment. Its damages are not subject to Title VII's caps, most employment claims have a four-year limitations period, plaintiffs can sue without filing an EEOC charge, and it applies regardless of employer size. Liquidated double damages come from the ADEA and FLSA, not Section 1981, and the statute covers private employers.

122. Answer: D — An acceleration pool

William Byham's acceleration pool approach develops a pool of high potentials for a level of roles rather than slating individuals to particular positions, which gives flexibility as jobs change. A replacement planning chart names specific backups for specific jobs, which is the practice the company moved away from. A nine-box grid is a tool for rating performance and potential, not a development approach.

123. Answer: C — Fund individual adjustments for affected employees in those families, fix the pay-setting causes, and rerun the analysis yearly.

Targeted adjustments based on each employee's model-predicted pay correct the gap where it exists, and fixing the causes, such as starting-pay or promotion practices, keeps it from returning. A regular analysis cadence shows whether remediation worked. A flat raise for all women misallocates money to groups without a gap, and routing remediation through merit ties it to ratings and delays correction.

124. Answer: D — Meet privately with the CEO to discuss the impact and propose executive social media guidelines

The CHRO's first step is to advise the CEO directly on how her posts are affecting employees and to propose clear guidelines for executives, whose personal posts are often read as company positions. A public disclaimer may be part of a later response but does not address the cause. A blanket ban on employees' political posts is overbroad and can run into NLRA and state-law limits, and escalating to the board before talking to the CEO skips the logical first step.

125. Answer: B — Units selected for extreme scores tend to move toward the average on later measures

Regression to the mean means units chosen because of unusually low (or high) scores, which partly reflect chance, will usually score closer to average next time even with no intervention. A comparison group of similar low-scoring stores would show how much of the gain the program actually caused. The Hawthorne effect is a separate risk tied to being observed, while the other options name general limits that do not explain why the worst units in particular improve.

126. Answer: A — Inventory HR data held, document vendor and access controls, and test breach response

HR holds some of the company's most sensitive data, so the CHRO can reduce exposure and inform coverage by knowing what data exists and where, confirming vendor and access controls, and showing tested incident response readiness. A vendor's insurance protects the vendor, not the employer's obligations to its employees. Insurance transfers part of the financial loss but does not replace controls, and insurers price and may deny coverage based on them.

127. Answer: B — Readiness against a tested, cross-functional continuity plan covering staffing, customers, security, legal and messaging.

A credible readiness answer depends on whether the entire continuity plan has been built and tested across operations, customer commitments, security, legal compliance and communications. Replacement staffing and supervisor training are important parts but do not show enterprise readiness alone. The union's strike fund and vote margins help predict the union's staying power, not the company's ability to operate.

128. Answer: D — Require the supplier to repay the fees on a verified timeline and adopt an employer-pays policy.

Under the Employer Pays Principle, workers should not bear recruitment costs, and the remedy for fees already paid is reimbursement to workers, verified by the buyer, along with policy changes to prevent future fees. Ending the relationship leaves workers in debt and without remedy. Lowering fees still leaves workers paying for their jobs, which remains a forced labor risk.

129. Answer: A — The role's future demands differ from what the current CEO's job has required

When strategy changes, the capabilities that made past leaders successful may not fit what the role will require, so a success profile built on future strategic demands is the right yardstick. Track records still matter as evidence of capability. There is no legal bar on using past job requirements, and the profile's purpose is better selection, not justification.

130. Answer: B — Model the capacity shortfall against key deliverables and brief executives on risks to reprioritize.

When the hiring plan shrinks, leaders need to see which commitments are now at risk, so HR should model the capacity gap against key deliverables and give executives the information to make explicit trade-offs. Even cuts ignore differences in strategic importance. Quietly backfilling with contractors undermines the cost decision, and asking teams to absorb the work hides the risk and can lead to burnout and missed goals.

131. Answer: B — Track results against agreed service levels to guide governance and improvement

An ongoing vendor scorecard measures the vendor against agreed service levels and outcomes. That gives both parties facts for governance meetings, escalation and continuous improvement. Comparing bidders happens during selection, before the contract is signed. A scorecard supports the contract and may inform fee credits, but it does not replace the contract or exist mainly to calculate fees.

132. Answer: C — Stable cross-functional teams that make decisions close to the customer

Agile organizations are built around small, stable, cross-functional teams with clear purpose and decentralized decision rights, so they can respond quickly to customer and market change. Functional silos with rigid annual plans, centralized approvals and added layers all slow decisions and run counter to agile design principles.

133. Answer: A — Coordinate workers' comp with FMLA designation and the ADA interactive process

A work injury may also be a serious health condition under the FMLA and a disability under the ADA, so FMLA leave can run concurrently with workers' comp and the employer must consider reasonable accommodations, which can include additional leave or modified duty. Automatic termination, even with a grace period, skips the individualized assessment the ADA requires. FMLA designation should occur promptly, not after comp ends, and the employer cannot hand its legal duties to the insurer.

134. Answer: A — Suspend implementation and re-engage the council to address its objections.

Dutch works council advice is not a veto, but if the employer decides against it, the law requires a one-month suspension, and the council can appeal to the Enterprise Chamber, which can reverse a decision made unreasonably. Pausing and addressing the objections protects the plan. Proceeding now ignores the suspension rule, and dropping the plan gives up a business decision that may still be achievable.

135. Answer: B — Convene ERG leaders and the deciding executives to discuss the rationale and the group's concerns about impact

Facilitated dialogue lets leaders explain the business rationale and hear concerns about community and employee impact, which can lead to mitigation steps and keeps trust in the ERG. Suspending the group or pressuring it to retract can look like retaliation for raising concerns about working conditions and may be protected activity. A public rebuttal escalates the conflict instead of resolving it.

136. Answer: D — The EPA requires no proof of intent; the employer must prove that a lawful factor explains the gap.

Once a plaintiff shows unequal pay for substantially equal work, the employer must prove a seniority system, merit system, production-based system or another factor other than sex. Intent is not an element, so unexplained gaps are direct liability. Unlike Title VII, the EPA lets employees sue directly in court without first filing an EEOC charge, within two years or three for willful violations.

137. Answer: B — Adopt one target philosophy, protect target pay during a defined transition, and phase convergence by role criticality

Harmonization works best when leaders set one go-forward philosophy, avoid pay cuts that would trigger loss of the talent the deal depends on, and phase convergence over a defined period, often using red-circling, slower increases for those above the new structure, and targeted moves for critical roles. Leveling everyone up on day one breaks the cost assumptions in the deal model, while cutting target pay at closing invites the very attrition that destroys deal value. Running two philosophies indefinitely creates lasting internal equity and mobility problems.

138. Answer: B — One that adds customer value, opens several markets, and is hard to imitate

Prahalad and Hamel proposed three tests for a core competence: it makes a significant contribution to perceived customer value, provides potential access to a wide variety of markets, and is difficult for competitors to imitate. A cost edge in one product line fails the breadth test, and an industry-standard capability fails the imitation test. They also warned that competencies locked inside one business unit become 'imprisoned' and underused.

139. Answer: D — Work with legal counsel so all IPO-related messages use approved content and contain no projections.

During the registration period, company statements that could promote the offering, including statements to employees, can be treated as improper offers (gun-jumping) and projections that are not in the prospectus create liability risk. HR should coordinate with counsel so employee messages are approved and consistent with the filing. Employees are not exempt from these concerns, and a disclaimer from a company manager does not make a projection safe.

140. Answer: B — Interrupted time series design

An interrupted time series design uses many observations over time on both sides of an intervention, so it can separate a real change in level or slope from the trend that already existed. A simple pre-post comparison uses only one measurement on each side and cannot account for that trend. Regression discontinuity compares cases just above and below a cutoff on an assignment score, not points in time.

141. Answer: D — Verify identity at several points, from first interview through onboarding and system access

Proxy and deepfake fraud is best addressed with layered identity checks, such as ID verification at the live interview, matching the same person at offer and onboarding, and controls before system access. Mandatory in-person interviews for every candidate may defeat the purpose of remote hiring and shrink the talent pool. Criminal checks do not confirm that the interviewee is the person hired, and relying on manager observation alone is unreliable.

142. Answer: D — Avoid job-specific BARS, since anchors would be outdated quickly; use broad competencies and goal-based measures.

BARS require extensive job analysis and expert input to write anchors for each job, so they pay off when jobs are stable. In roles that change yearly, the anchors would be outdated quickly and the cost would recur, so broader competencies and goal-based measures are a better fit. Updating anchors every few years doesn't match the stated pace of change, and simple rankings give little feedback and raise legal risk.

143. Answer: B — A single high standard reduces compliance gaps and errors and gives all candidates the same transparency.

Designing to the highest common requirement means one process satisfies every location, which lowers the chance of a missed local rule, simplifies training and treats candidates consistently. The strictest law does not govern hiring outside its own reach, and the company must still meet any local requirement the standard misses. Notice rules and audit rules are separate obligations, so meeting one does not satisfy the other.

144. Answer: B — When the design is uncertain, learning is needed and early choices can be reversed

Pilots pay off when uncertainty is high, the organization needs to learn what works, and decisions can be adjusted before scaling. When a design is proven, units are interdependent or a legal deadline applies, a pilot adds delay or cannot be isolated, so an enterprise rollout is usually better.

145. Answer: B — A single absence or exit can halt a critical process, since no one else is able to do the work.

Redundancy is the buffer that lets a process keep running when a person is unavailable; removing it creates single points of failure. Efficiency gains in normal times can be erased by one illness, resignation or emergency. There is no general requirement for backups in every role, and lower fixed costs would tend to increase, not reduce, available cash.

146. Answer: C — Undue hardship is weighed against the employer's overall resources, so a unit budget should not drive denials.

Undue hardship under the ADA considers the overall financial resources of the covered entity, not just the budget of the unit requesting the accommodation. When cost comes out of a local budget, managers have an incentive to deny requests the company as a whole could easily afford. A central fund removes that incentive, but the ADA does not require one, and a per-employee cap would conflict with individualized assessment.

147. Answer: B — Assess the merits and exposure, seek a global resolution through mediation, and redesign the program for future disputes.

Mass arbitration turns the fee structure against the employer, so the best response pairs a sober merits and cost analysis with an efficient global resolution and a program redesign (such as batching or bellwether provisions) for future claims. Refusing to pay fees can lead courts to find the employer waived or breached its right to arbitrate and expose it to sanctions in some states. Paying every claim at full value ignores the merits entirely.

148. Answer: A — Allow faith-based ERGs on the same terms as other ERGs, open to all, with an interfaith council to coordinate them.

Treating faith-based groups like other ERGs, open to any employee, avoids favoring or disfavoring religion, and an interfaith council provides coordination, shared conduct standards and a forum for resolving tension. Allowing only a single interfaith group can feel like a denial to employees who want faith-specific community. Approving one group first, without a framework, invites claims of preferential treatment.

149. Answer: B — Pay bonuses at each worker's scheduled release date, sized by role criticality, and still give at least 60 days' WARN notice.

Retention bonuses work when they are paid only if the employee stays through a set release date, and tiering by criticality focuses money where departures would hurt most. A plant closing of this size triggers the WARN Act's 60-day notice requirement, and a bonus does not replace that notice. Paying the bonus up front removes the incentive to stay, and a flat amount wastes funds on roles that are easy to cover.

150. Answer: B — As an enterprise risk rated for likelihood and impact with an owner

Enterprise risk management treats labor disputes as strategic and operational risks that are assessed for likelihood and impact, assigned to an executive owner, linked to mitigation plans and reported to the board alongside other enterprise risks. Keeping them in an HR silo or waiting for a legal charge defeats the integrated, forward-looking purpose of ERM. Most strike losses cannot simply be insured away.

151. Answer: C — Gather specific stories of very positive or negative events to pinpoint the moments that shape experience

The critical incident technique collects concrete accounts of events that were especially effective or ineffective. That shows which specific moments have an outsized effect on how employees feel and behave. Satisfaction ratings and case volumes show averages and activity, not which experiences carry emotional weight. External benchmarks show what others do, not what matters to this workforce.

152. Answer: C — Under NLRB contract-bar rules, a longer agreement blocks rival or decertification petitions for only three years

Under the NLRB's contract-bar doctrine, a valid agreement bars election petitions for its term up to a maximum of three years, so the extra two years add cost predictability but not protection from representation challenges. Longer contracts are lawful, and duration is a mandatory subject of bargaining. The CHRO should weigh predictability against reduced flexibility to respond to market changes.

153. Answer: A — Assess local labor supply, employment law, pay norms and entity and employment options.

Talent availability, labor law (including termination rules and works councils), total labor cost and options such as a local entity or an employer of record can determine where and how to enter, so HR input belongs in the decision itself. Heavy expatriate staffing is costly and slows localization, home-country policies may conflict with local law, and waiting removes HR from the strategic decision.

154. Answer: A — Strategic positioner

In Ulrich's research, the strategic positioner understands the external business context, including industry, customer and investor expectations, and translates it into internal HR actions. A credible activist builds trust and takes a point of view, a capability builder develops organizational capabilities, and a change champion leads and sustains change.

155. Answer: A — Narrow the clauses to respect complainants' choices, preserve agency reporting rights, and track repeat accused

Broad confidentiality allowed repeat misconduct to stay hidden from leaders who could have acted, so the company should narrow the clauses, honor complainants' preferences, and make sure no agreement limits reports to government agencies. Tracking settlements by accused person gives the board visibility into patterns. Refusing all settlements is costly and does not serve complainants, and stronger gag clauses repeat the original failure.

156. Answer: D — Gains often lag because workflows, roles and skills must be redesigned before tools change output.

The productivity paradox describes the lag between adopting a general-purpose technology and seeing measured gains, because organizations must redesign processes, build skills and change roles first. Measures may also miss quality improvements or time redeployed to other work. Concluding from flat output that the tools are flawed ignores this lag, and claims that AI helps only manual work are not supported.

157. Answer: B — Survey trust in reporting, time to close investigations, and repeat-accused rates, beside charge counts.

Charges and settlements are lagging indicators that show harm after it has occurred. Trust in reporting, speed of investigations and repeat-offender patterns signal whether problems are surfacing and being fixed early. Training completion and signed acknowledgments measure activity rather than whether the culture supports reporting.

158. Answer: B — How critical the knowledge is and how soon it is likely to be lost

Knowledge risk assessments typically rate each role or person on the criticality or uniqueness of the knowledge and on the likelihood and timing of its loss, such as projected retirement. Knowledge that is both critical and at near-term risk gets priority for transfer through mentoring, documentation or phased retirement. Pay and tenure are rough proxies, and documentation cost becomes relevant only after priorities are set.

159. Answer: D — A ratchet effect, in which each round of benchmarking pushes the market median for executive pay higher

If most companies set pay at or above the median, those below it are raised, which lifts the median the next time data are collected. Repeating this cycle steadily inflates executive pay regardless of performance. Pay compression describes narrowing gaps between levels, lag relates to the timing of pay changes, and the halo effect is a rating bias rather than a benchmarking dynamic.

160. Answer: B — Treat the roles as covered: obtain an independent bias audit, publish its summary, and give candidates the required notice

Under the city's implementing guidance, the law reaches a fully remote job when the location associated with it is an office in New York City, regardless of where the company is headquartered. Covered use of an automated employment decision tool requires an independent bias audit within the prior year, a public summary of the results, and advance notice to candidates. Coverage turns on the job's location, not the applicant's residence, and vendor marketing claims are not an independent audit.

161. Answer: A — Require calibration of executive ratings against results and fund the pool from company performance.

The committee's oversight role includes ensuring executive pay reflects performance. Calibrating ratings against results and funding the pool from company performance addresses the root cause, which is lenient rating disconnected from outcomes. An across-the-board cut ignores real differences, forced distribution imposes a rigid curve, and deferring entirely to management abdicates governance.

162. Answer: C — Invite union leaders to co-sponsor and co-design the process, keeping it separate from bargaining

In a unionized setting the union is the employees' representative, so a credible relationship reset requires the union as a genuine partner in sponsoring and designing the effort, with clear agreement that it does not replace bargaining. Going around the union to hourly employees can look like direct dealing under the NLRA and would deepen distrust. Mining the sessions for bargaining proposals turns a collaborative process into a negotiating tactic and undermines trust.

163. Answer: D — Bench strength is 65%, and 14 critical roles have no ready-now successor.

Bench strength = roles with at least one ready-now successor / total critical roles = 26 / 40 = 65%. The remaining 40 - 26 = 14 roles (35%) have no ready-now successor and are the near-term risk the board should focus on. The 35% figure is the uncovered share, not bench strength, and 54% comes from dividing 14 by 26.

164. Answer: A — Target coaching to VPs in critical transitions or with clear development needs, with goals and outcome measures.

Executive coaching yields the most value when it is targeted at leaders whose development matters most to the strategy, such as those moving into bigger roles or addressing specific behaviors, and when it has clear goals and measures. Coaching for everyone spends heavily on leaders who may not need it. An online course cannot replace individualized coaching for senior leaders, and reserving coaching for the lowest performers can turn it into a remedial label.

165. Answer: D — An inpatriate

An inpatriate is a subsidiary employee transferred to headquarters, often to learn the corporate culture and bring local perspective to the center. An expatriate is sent from headquarters or the home country to work abroad, a third-country national is from neither the home nor the host country and a flexpatriate makes frequent short business trips abroad without relocating.

166. Answer: A — Multiple access points with a choice of interest- and rights-based options

Integrated conflict management systems give all employees several places to raise concerns and a choice among interest-based options (coaching, facilitation, mediation) and rights-based options (investigation, appeal, arbitration), with loop-backs between them. A single HR channel or a management appeal ladder is the traditional model such systems replace. Binding arbitration may be one rights-based backstop, but it is not the defining feature.

167. Answer: B — Report regrettable turnover of top performers and critical roles as its own metric, with cost and trend, beside the total.

An aggregate rate can hide a shift in who is leaving; losing top engineers while shedding low performers keeps the total flat but raises business risk. Segmenting regrettable turnover and attaching its cost lets executives see and act on the real problem. Keeping the stable aggregate as the headline buries the most important signal, and an unanalyzed bonus for everyone spends money before the causes are known.

168. Answer: C — Inferred skills are estimates that may be inaccurate or biased and need validation by people.

AI skills inference draws conclusions from patterns in text and activity data, so its outputs are probabilistic and can reflect gaps or bias in the source data. Employees and managers should be able to confirm or correct inferred skills before they drive talent decisions. Inferred skills are not legal certifications, and modern tools commonly integrate several data sources and tag a range of skill types.

169. Answer: A — Gain central visibility of contingent spend and roles, review classification and co-employment risk, and set policy.

Unmanaged contingent labor creates cost, quality and legal risk, so the first step is visibility (who, where, what work, at what cost), followed by a review of worker classification and co-employment exposure with counsel and a total workforce policy on when to use contingent workers. Length of service alone does not determine employee status, so blanket conversion skips the analysis. An arbitrary cap addresses cost without knowing which arrangements are risky or valuable.

170. Answer: C — Small per-hire performance gains, multiplied across thousands of hires and years of tenure, can far exceed the test's cost.

Utility analysis shows that the dollar value of a test depends on validity together with the number hired, tenure and the dollar variability of performance. A modest r still raises average performance per hire, and that gain compounds across large volumes. A positive validity does not guarantee a positive return, because costs and small hiring volumes can outweigh the gain.

171. Answer: A — Their value comes from fit with the firm's history, culture and other practices.

The resource-based view holds that sustained advantage comes from resources that are valuable, rare, hard to imitate and supported by the organization. People practices become hard to copy when they are socially complex, built over time and tied to other practices and culture, so their causes are hard for outsiders to see or reproduce. Above-market pay can be matched by any competitor with funds, and legal protection is not what makes these practices inimitable.

172. Answer: A — Weigh the accountability benefit against risks and propose a context-adjusted approach

Public rankings can motivate managers, but raw turnover rates punish leaders in roles with built-in churn and invite gaming, such as avoiding needed terminations. A sound recommendation adjusts for context, focuses on regretted turnover, and may share results privately or by peer group. Excluding certain managers makes the ranking inconsistent, and refusing to share any data gives up a real accountability tool.

173. Answer: A — It allows pay to be renegotiated midterm while the rest of the deal stays

A wage reopener lets the parties reopen negotiations on specified economic terms at a set point during the contract while the remaining terms continue, which preserves a long agreement's stability without locking in pay for six years. Automatic indexing is a cost-of-living adjustment clause, not a reopener. A reopener does not end the whole contract, and it does not by itself require interest arbitration.

174. Answer: C — About 1.4 years

Gross annual labor savings are 25 x $70,000 = $1.75 million. Net annual savings are $1.75 million - $0.3 million = $1.45 million, so payback is $2 million / $1.45 million = about 1.4 years. Ignoring maintenance gives about 1.1 years, adding a year of maintenance to the upfront cost and also netting it from savings double-counts it (about 1.6 years), and 0.7 is the inverted ratio.

175. Answer: A — Keep the acquired payroll running for Day 1, then phase the move onto the parent HRIS

Day 1 priorities are continuity of pay, benefits and access, so a working payroll should not be put at risk by a rushed six-week conversion. A phased migration allows data mapping, parallel testing and change management. Converting before Day 1 sends a symbolic message but creates a serious risk of pay errors, which would damage trust far more than a short period on separate systems.

176. Answer: D — Common PIP standards for documentation and goals, with HR review before issuance

Consistent standards (specific, measurable expectations, realistic timelines and documented support) plus HR review help ensure similarly situated employees are treated alike, which is central to defending against discrimination claims. Promising a mandatory PIP before every termination can create implied-contract claims and removes flexibility for misconduct cases. Unit-by-unit discretion invites inconsistent treatment, and using PIPs only as a termination step undermines their purpose and their credibility as evidence.

177. Answer: A — Change the cycle so priorities cascade before teams set goals

The data point to a process-sequence problem: goals are set before strategy is communicated, so the fix is to change the cycle so priorities cascade first. A one-time rewrite treats the symptom for one year only, SMART training improves goal quality but not linkage to strategy, and public rankings pressure managers without fixing the cause.

178. Answer: C — Give the customers accurate capacity information under the contingency plan and agree on how limited output will be allocated.

Customer trust depends on accurate, consistent information, and agreeing on allocation at 70% capacity helps keep the relationships while the strike continues. Promising normal deliveries that the plan cannot support would damage credibility when shipments fall short. Predicting the strike's end is speculation, and silence pushes customers toward dual-sourcing because they cannot plan.

179. Answer: B — From valuing functional excellence to valuing profit and long-term trade-offs across functions

In the passage from functional manager to business manager, leaders must stop judging success by their own function's excellence and start valuing profitability and balancing short-term and long-term needs across all functions. Shifting from personal output to results through others is the first passage. Valuing a portfolio of businesses belongs to the group manager passage.

180. Answer: A — Coordinated case handling that closes compliance gaps and speeds return to work

One absence often triggers several programs at once, such as a work injury that is also FMLA leave and may require an ADA accommodation. Integration lets one case manager coordinate eligibility, notices and return-to-work planning, which reduces missed obligations and shortens absences. It does not merge legal entitlements, and the employer still owns the interactive process.

181. Answer: A — Engage the union to bargain over the redeployment, seeking an agreed change such as a side letter

Changing a term set by the collective bargaining agreement requires the union's agreement, so the CHRO should bring the business case to the union and negotiate a solution, such as a memorandum of understanding that blends skills and seniority. Unilaterally overriding the seniority clause invites grievances and unfair labor practice charges, and limiting the plan to nonunion staff or waiting for expiration leaves the strategic need unmet.

182. Answer: C — Engage officials early and openly, offering retraining, job placement, and help attracting employers

When a decision is final, the most credible strategy is early, honest engagement that focuses on reducing the harm to workers and the community through transition support and economic development help. Withholding information until notices are required increases distrust and reputational damage. Offering to reconsider a closure that has already been decided is misleading and sets up a bigger breach of trust later.

183. Answer: A — WO strategy, using an opportunity to fix a weakness

The IT talent shortage is an internal weakness, and the new apprenticeship program is an external opportunity; using the opportunity to fix the weakness is a WO strategy. It is not SO because the hospital is not building on an existing strength, and it is not WT because the move takes advantage of an opportunity rather than defending against a threat.

184. Answer: C — Have counsel direct deeper analysis, raise pay where gaps are unexplained, and fix root causes.

Under the Equal Pay Act, unexplained gaps must be justified by seniority, merit, production-based pay or a factor other than sex, so the company should analyze individual gaps under privilege, adjust pay where no legitimate factor applies, and correct the practices that caused them. An across-the-board 6% raise may overpay some and underpay others without fixing the cause. Waiting for the merit cycle lets known liability continue to accrue.

185. Answer: B — Pilot AI insights as input to manager conversations, with transparency and human-made rating decisions.

AI insights can make feedback more frequent, but they capture only what systems measure and can feel like surveillance. Using them as input to human conversations, with transparency about what is collected, keeps judgment and accountability with managers. Letting AI scores replace ratings overstates their objectivity, and hiding the data would deepen the trust concerns employees have raised.

186. Answer: C — Once a decision is made after open debate, those who disagreed fully support carrying it out

Disagree and commit, associated with Intel and Amazon, asks people to voice disagreement openly while a decision is being made and then commit fully to execution once it is decided, even if they would have chosen differently. It does not ask people to suppress dissent or require unanimity, and half-hearted execution defeats its purpose.

187. Answer: D — Overlapping work hours that allow real-time collaboration with home teams

Nearshoring usually costs more than offshoring but offers overlapping time zones and often closer cultural and language fit, which matter for work that needs real-time collaboration. Lowest labor cost, large graduate pools and lower statutory costs are typical reasons to choose offshoring instead.

188. Answer: D — Provide process support and resources while the chair or governance committee owns the review

Board evaluation is owned by the board, usually through the chair or the nominating and governance committee, often with an independent facilitator. The CHRO can add value with tools, benchmarking and logistics, but should not control the process. Routing director ratings to the CEO or giving management a lead role would compromise the board's independence from the executives it oversees.

189. Answer: D — Early, ambiguous indicators of change that may grow into major trends

Weak signals are early, fragmentary and often ambiguous signs of emerging change, such as a niche technology or a shift in a small customer segment. Their value is in giving leaders lead time to explore scenarios before a trend becomes obvious. Changes that have already reshaped an industry are established trends, not weak signals, and dismissing odd data as noise is exactly the error scanning tries to avoid.

190. Answer: D — Members' average social sensitivity and evenly distributed turn-taking in conversation

Woolley's research found that a group's collective intelligence correlated with members' average social sensitivity, more equal distribution of conversational turns, and the proportion of women in the group (largely explained by social sensitivity). It was only weakly related to average or maximum individual intelligence, and cohesion, motivation and satisfaction did not predict it.

191. Answer: A — $148,800

Absence cost = 12 targets x 8 days x $300 = $28,800. Turnover cost = 4 resignations x $30,000 = $120,000. Total = $28,800 + $120,000 = $148,800. Using $120,000 leaves out absence, $122,400 counts the sick days for only one target, and $58,800 counts only one resignation.

192. Answer: B — A uniform practice can support a collective action that expands exposure to employees at every location

When a pay practice is applied uniformly, plaintiffs can more readily show that employees are similarly situated, allowing a single claim to grow into a collective action covering many locations, with back pay and possible liquidated damages. Settling one claim does not bar others, there is no 90-day rule, and correcting the practice does not erase back pay already owed.

193. Answer: B — Brief and equip district managers first, then have them tell store teams in person just before the public announcement

Affected employees should hear the news from a leader they know, in person, before they read it in the press, so district managers need talking points, FAQs and support first, followed by tightly coordinated store meetings. A simultaneous email is tempting for consistency, but it is impersonal and leaves managers reacting rather than leading. Telling managers weeks ahead raises the risk of leaks during the gap.

194. Answer: A — Procedural justice

Procedural justice concerns the fairness of the processes used to make decisions, including consistent criteria and a voice for those affected. Distributive justice concerns the fairness of outcomes (who got promoted), which employees are not disputing. Interactional justice concerns how people are treated and informed during the process.

195. Answer: D — Boundary-spanning leadership, which builds direction and commitment across groups divided by borders

Boundary-spanning leadership, developed by the Center for Creative Leadership, is the ability to create direction, alignment and commitment across boundaries such as function, geography, organization and stakeholder group. The leader here has no direct authority over most of the groups involved. Servant, transactional and situational leadership describe how a leader relates to followers, not how to lead across organizational divides.

196. Answer: B — Address trust first by having leaders acknowledge concerns and deliver early visible commitments, then adjust the launch.

Low trust in leadership is a major readiness barrier, and launching into it invites resistance and cynicism. Leaders can build credibility by acknowledging the data, involving employees and keeping visible early commitments, then adjust the launch timing or sequence. More messages from distrusted leaders rarely help, rerunning the survey avoids the finding, and mandates do not create trust.

197. Answer: D — Keep core processes standard and allow changes only where a business or legal need is shown

A clear governance rule, standard by default with variation only for a demonstrated business or legal need, protects efficiency and data consistency while staying responsive to real differences. Approving everything brings back the costs that standardization was meant to remove. Refusing everything, or letting units build their own processes, damages either relationships or the shared platform.

198. Answer: B — The tool can repeat stereotyped wording from its training data, such as describing leaders in gendered terms.

Generative AI models learn from large bodies of existing text, which contain patterns such as describing men as decisive and women as supportive. Unreviewed drafts can carry those patterns into postings, which may deter some applicants, and into reviews, which affect pay and promotion. Plain-language output, refusal to write and automatic insertion of demographics are not the typical risks; human review and language checks are the main controls.

199. Answer: A — An inventory of tools, adverse impact testing, human oversight of decisions and vendor accountability terms

Effective AI-in-hiring governance starts by knowing which tools are in use, then testing their outcomes for adverse impact, keeping meaningful human review of consequential decisions and holding vendors to contract terms on data, audits and cooperation. Relying on a vendor's own fairness certification does not shift the employer's liability, because the employer remains responsible for selection outcomes. A blanket ban gives up efficiency without managing risk, and ethics statements and IT security reviews do not test for bias.

200. Answer: A — Pattern bargaining

In pattern bargaining, a union negotiates with one employer, often a target chosen for its likelihood of settling, and uses that agreement as the template for others in the industry. Coalition bargaining is coordination among multiple unions at one employer. Distributive and integrative bargaining describe negotiation approaches rather than the use of a settlement as an industry template.

201. Answer: D — Stage payments at integration milestones and service dates, with later amounts large enough to keep people to the end.

Staged, milestone-linked payments keep engineers engaged through key phases of integration and avoid a single cliff date when many people leave at once. Paying at closing provides no retention value. A single cliff at 18 months creates exactly the mass-departure risk the company wants to avoid, and equal amounts ignore which talent is critical.

202. Answer: C — The direct cost is only what is needed to bring employees below the new minimums up to them

Moving a range does not change anyone's salary automatically. The immediate cost is limited to raising employees who would fall below the new minimums, though higher ranges can indirectly influence later merit, promotion and hiring decisions through compa-ratios. Treating the change as a 4% payroll increase confuses a structure adjustment with a general increase, and saying there is no cost ignores both the minimum adjustments and these indirect effects.

203. Answer: D — Program B, with a BCR of 3.0 compared with 2.5 for Program A

BCR = benefits / costs. Program A: $500,000 / $200,000 = 2.5. Program B: $240,000 / $80,000 = 3.0, so B returns more per dollar invested. Program A does have the larger net benefit ($300,000 vs. $160,000), but net benefit is a different measure from BCR and favors larger programs regardless of efficiency.

204. Answer: A — Test whether unit engagement scores predict those units' financial results in later periods

A lagged, unit-level linkage analysis checks whether engagement measured at one time predicts performance later, which supports a directional claim far better than a same-period correlation. A same-period correlation cannot rule out reverse causation, because strong results may lift engagement. Benchmarks and manager opinions do not link engagement to outcomes at all.

205. Answer: D — Narrow the rules to unprotected conduct, such as threats, harassment and trade secret leaks, with examples and a Section 7 note.

Broad bans on criticizing the employer can chill employees' Section 7 right to discuss working conditions, so the policy should target clearly unprotected conduct and say plainly that protected activity is not restricted. A general savings clause does not cure an overbroad rule. Deleting the policy leaves real risks such as harassment and confidential data unaddressed, and a prior-approval rule is even broader than the original ban.

206. Answer: A — Pull the claim from recruiting ads and work with legal and sustainability on accurate wording.

Environmental claims must be truthful and substantiated, and the FTC's Green Guides warn against carbon-offset claims that lack competent and reliable support. Because the offsets' quality is in doubt, the safest step is to stop using the claim and replace it with accurate, specific language. A footnote does not cure a misleading headline claim, and buying more low-quality offsets does not fix the substantiation problem.

207. Answer: C — Its decisions can be explained, checked for job relatedness and audited for bias.

Employment decisions must be defensible: if a selection tool causes adverse impact, the employer must show it is job related and consistent with business necessity, and an explainable model makes it far easier to identify which factors drive results, remove problematic ones and explain decisions to candidates. No federal law bans black-box models or exempts interpretable ones from disparate impact analysis. Interpretable models can still be biased, so they must be audited.

208. Answer: A — Phase out style matching, explain the evidence to stakeholders, and redirect funds to proven methods.

The evidence does not support the matching approach, so continuing it wastes resources. A thoughtful change approach explains the research, manages the transition and redirects resources to methods with strong support, such as retrieval practice and spaced learning. Keeping it because of sunk cost or popularity ignores the evidence, an abrupt shutdown creates avoidable resistance, and employee beliefs do not test effectiveness.

209. Answer: A — Ready-now successor coverage for critical roles

Successor coverage for critical roles is a leading indicator: a thin bench signals that the loss of a few key people would leave capability gaps before those losses occur. Last year's turnover is a lagging measure and, as an enterprise average, can hide concentrated risk in critical roles. Time to fill across all requisitions and training hours are activity measures that do not focus on critical capability.

210. Answer: A — Extend the window there with targeted follow-up to raise response, then report the region's results with caveats.

With time available, raising response through targeted follow-up reduces nonresponse bias better than statistical fixes, and the remaining limitation should be disclosed. Weighting adjusts for known characteristics such as location or tenure but cannot correct for differences in attitudes between those who did and did not respond. Excluding the region removes its voice, and reporting without caveats overstates the data's reliability.

211. Answer: B — Recruiting a larger applicant pool so that a smaller share of applicants is selected

Utility equals the number hired times tenure times validity times SDy times the average standardized predictor score of those hired, minus costs. A lower selection ratio raises the average score of those hired, so the gain increases. Lower dollar variability in performance (SDy), higher costs and shorter tenure each reduce utility.

212. Answer: D — A change in systems requires aligned changes in skills, structure, style and the other elements.

The 7-S model treats strategy, structure, systems, shared values, style, staff and skills as interdependent, so a new HCM system will succeed only if skills, roles, leadership behaviors and the other elements are realigned to support it. Assuming soft elements will adjust on their own is the common mistake the model warns against, and no single element is treated as the only one to manage.

213. Answer: C — Report the findings to the board chair or lead independent director, with the general counsel, for board action.

The employer must take corrective action to protect employees from harassment by non-employees it can control, and directors answer to the board. The CEO's relationship with the director creates a conflict, so findings should go to the board chair or lead independent director, or the governance committee, together with the general counsel. Company liability does not depend on whether the harasser is an employee. A public disclosure is premature, and a CHRO demanding a resignation goes beyond the role's authority.

214. Answer: A — Treat quality of hire as the primary measure and adjust the process to restore it, even if time to fill rises again.

Recruiting exists to put capable people in roles who stay and perform, so quality of hire is the measure most closely tied to business outcomes. Speed matters, but filling roles faster with people who leave or underperform increases total cost and rework. Equal weighting obscures the trade-off the data reveals, and cost per hire measures efficiency without capturing quality.

215. Answer: B — Give 60 days' notice and keep employees on pay and benefits but relieve them of work

Giving full written notice and keeping employees on payroll and benefits for the 60 days, even if they are told not to come to work, satisfies WARN while removing workplace risk. Paying wages instead of notice does not meet the notice requirement itself, though it can reduce liability; WARN damages also include lost benefits, so wages alone may fall short. Shorter notice or ending benefits during the notice period would expose the company to liability.

216. Answer: C — Set no-regret moves that work in all three scenarios and define signals that would trigger each plan.

Scenario planning is meant to prepare for uncertainty, not to pick a single forecast. Actions that pay off in every scenario, such as building core AI skills, can start now, while defined signposts tell leaders when to shift toward a faster or slower plan. Treating the middle case as the answer is the common trap, because it discards the very range the scenarios were built to show.

217. Answer: A — Measure results against the goals set for the reorganization, using baseline data and key metrics

A reorganization should be judged against the outcomes it was meant to deliver, such as faster decisions, lower costs or better customer results, by comparing current results with baseline data. Executive opinion is subjective, engagement is only one indicator, and competitors' structures say nothing about whether this company met its own goals.

218. Answer: B — Treat the signals as misconduct risk and start an independent review of practices and incentives.

Strong results combined with rising reports and pressure to hit targets are classic warning signs of misconduct risk, often driven by incentives. An independent review of sales practices and pay design can find problems before they become a scandal. A reminder from the leader who may be applying the pressure does little, and waiting for a substantiated case lets the risk grow.

219. Answer: D — RAPID, which assigns these five roles to clarify accountability for each key decision

Bain's RAPID framework assigns five decision roles: recommend, agree, perform, input and decide, with a single person holding the decide role. RACI uses responsible, accountable, consulted and informed, and DACI uses driver, approver, contributors and informed. SIPOC maps suppliers, inputs, process, outputs and customers and is not a decision-rights tool.

220. Answer: D — To show where AI is used in workplace decisions, what safeguards exist, and how to raise concerns

An internal transparency report builds trust by telling employees how AI affects decisions about them, what protections are in place, and how to raise issues. No general federal law requires annual disclosure of AI vendors to employees. A report written as promotion loses credibility, and notice does not transfer the employer's responsibility to employees.

221. Answer: A — Explain the trust, equity, and retention risks, then offer accurate titles with stronger value messaging.

Misrepresenting a role's level in recruiting is dishonest, and it creates internal inequity, confuses the job architecture, and leads to early exits when reality does not match the title. The CHRO should raise these risks directly and offer an honest alternative, such as sharper messaging on scope, growth, and rewards. Switching titles at the offer stage or adding a disclaimer still misleads candidates, and deferring gives up the CHRO's ethical role.

222. Answer: C — Pre-tax contributions, tax-free investment growth and tax-free withdrawals for qualified medical expenses

HSAs offer a triple tax advantage: contributions are pre-tax or deductible, earnings grow tax-free, and withdrawals for qualified medical expenses are tax-free at any age. After 65, withdrawals for nonmedical purposes avoid the 20% penalty but are taxed as ordinary income, so they are not tax-free. Balances never have to be rolled into an IRA, which makes HSAs useful for covering health costs in retirement.

223. Answer: B — By sex, by race/ethnicity, and by intersections of sex with race/ethnicity

The city's rules require the bias audit to calculate selection or scoring rates and impact ratios for sex categories, race/ethnicity categories, and intersectional categories (for example, Hispanic or Latino women). Age and disability are not required audit categories under the law. Reporting sex and race only on their own would miss the intersectional analysis the rules require.

224. Answer: A — Show what inconsistent decisions cost in claims and turnover, and propose a central team with clear criteria.

A business case grounded in the cost of charges, litigation, lost productivity and turnover, paired with a design that promises consistency and faster decisions, speaks to the COO's concerns. The ADA does not require a central team, so claiming it does would undermine the CHRO's credibility. The employer keeps responsibility for the interactive process even if it uses an outside vendor for intake or administration.

225. Answer: C — Have export compliance classify the data and secure any required license before the engineer is given access.

Releasing controlled technology to a foreign national inside the United States can be a deemed export to that person's home country, which may require a license from the Commerce or State Department. Classifying the data and obtaining any needed license lets the company hire lawfully. Work authorization and export authorization are separate questions, and a blanket citizenship bar that the law does not require can create citizenship discrimination exposure.

226. Answer: C — Set structured offer bands by role and level, with defined reasons for placement and approval for exceptions.

Pay set by negotiation skill often produces sex-based gaps, and courts have not consistently accepted negotiation as a 'factor other than sex.' Structured bands with job-related placement rules and exception approval reduce the gap while allowing pay to reflect skills. Coaching candidates puts the burden on them and leaves the process unchanged, and a single fixed rate ignores real differences in qualifications.

227. Answer: D — Draft a policy aligned with the UN Guiding Principles, informed by salient risks, for board approval.

Under the UN Guiding Principles on Business and Human Rights, a human rights policy commitment should be approved at the most senior level, be informed by relevant expertise and the company's salient human rights risks, and be embedded through due diligence. A code of conduct governs employee behavior but usually does not set out the company's commitment across its operations and value chain. Copying a peer's policy skips the risk analysis that makes the policy meaningful.

228. Answer: B — Only authorized leaders speak for the company; ERGs raise issues internally and members may advocate personally

Public positions in the company's name have reputational, legal and stakeholder implications, so they should come only from authorized leaders through an established process, often with government affairs and legal involvement. ERGs can still bring concerns to leadership, and employees remain free to advocate as individuals. Banning all discussion of legislation is overbroad and may interfere with employees' NLRA rights to discuss working conditions, while letting the ERG or a member vote decide hands corporate voice to a subgroup.

229. Answer: C — Symbiosis

In Haspeslagh and Jemison's model, symbiosis applies when the firms must share capabilities (high interdependence) but the target's distinctiveness must be protected (high autonomy), so integration is gradual and mutual. Absorption fits high interdependence with low autonomy, preservation fits low interdependence with high autonomy, and holding fits low need for both. Absorption is the common near miss because it shares the high interdependence.

230. Answer: C — Unwanted variability in judgments that should be the same, such as different ratings for the same case

Noise is random scatter in judgments that should be identical, such as two recruiters giving very different scores to the same résumé or one manager rating the same work differently on different days. A noise audit measures it by having several people judge the same cases. A consistent tilt in one direction is bias, which is the most tempting confusion; Kahneman, Sibony and Sunstein treat bias and noise as separate sources of error.

231. Answer: B — The company keeps legal accountability, so it needs audit rights, service metrics and clear ownership of accommodation decisions.

Outsourcing leave administration does not shift the employer's legal duties under the FMLA and ADA, so the company must keep oversight through audit rights, accuracy and timeliness metrics and clear roles. ADA accommodations in particular need input from the employer about job duties and hardship. Assuming the vendor absorbs liability is wrong. Satisfaction scores do not measure legal accuracy.

232. Answer: B — Share specific examples and team feedback privately, linking the CEO's style to execution gaps, and suggest new norms.

The root cause is the CEO's dominant style, so the most effective influence is candid, private feedback with concrete evidence that connects the behavior to the outcome the CEO cares about, plus practical changes such as having the CEO speak last. Tightening accountability treats the symptom and may deepen silence. Going to the board first bypasses the CEO and damages trust.

233. Answer: C — Work with legal and IT to set retention periods by record type and purge data no longer needed.

Old data that is no longer required increases breach exposure and discovery costs, so a schedule should set retention by record type based on legal requirements and business need, followed by secure disposal. A flat three-year purge would destroy records that must be kept longer, such as certain benefit plan and OSHA exposure records. Encryption lowers but does not remove the risk of holding unneeded data.

234. Answer: C — Strengthen consistent enforcement and investigation quality so future cases meet just cause standards.

Arbitrators applying just cause look at notice, fair investigation, evidence and even-handed enforcement, and these losses point to gaps in consistency and investigation. Rewriting rules with harsher penalties does not fix uneven enforcement, which was the actual reason for the losses. Removing just cause is unrealistic in most bargaining relationships, and settling everything forfeits legitimate discipline.

235. Answer: C — $400,000 to $450,000; a well-justified first offer can anchor the deal inside it

The ZOPA runs from the candidate's reservation point ($400,000) to the company's ($450,000), a $50,000 range. A credible, well-supported first offer tends to anchor the final number, so the company can shape where in the zone the deal lands without lowballing. Opening at the maximum gives away the whole zone, and an overlap between the two limits means a ZOPA exists, not that it is missing.

236. Answer: B — Build respectful behavior into ratings and promotion criteria so how results are achieved counts

Culture follows what leaders reward and tolerate. When high performers face no career consequences for bullying, training, values statements and hotlines are seen as hollow. Making behavior count in ratings, pay and promotion decisions changes incentives and shows that results do not excuse mistreatment. Training and hotlines can support that change but do not alter the underlying signal.

237. Answer: A — The alter ego doctrine, because the new firm is substantially identical to the union firm and is its disguised continuation.

The alter ego doctrine applies when two businesses have substantially identical ownership, management, business purpose, operations, equipment and customers, and the second appears to be a disguised continuation of the first, often to avoid union obligations. When it applies, the alter ego is bound by the union contract. Successorship deals with a new owner taking over a business, and accretion adds employees to an existing unit; neither describes a parallel company set up by the same owners.

238. Answer: C — Create a coordinated ADA and FMLA framework with individualized reviews for intermittent leave and adjusted duties.

Long-term post-viral conditions can be disabilities under the ADA, and flare-ups often qualify as intermittent FMLA leave, so requests need a coordinated, individualized process. A central framework fixes the inconsistency while keeping the case-by-case analysis the law requires. A fixed 30-day allowance may be too much or too little for a given employee, and requiring proof of permanence misstates the ADA, which does not require a permanent condition.

239. Answer: C — Assign an owner, track wage-hour KPIs, run periodic audits, and report results to the committee.

Ongoing assurance requires clear ownership, leading indicators such as timekeeping edits and classification reviews, a regular audit cycle and reporting to the board. A payroll vendor's controls report covers processing accuracy, not whether the company's policies comply with the law. Lawsuit counts are a lagging indicator, and manager certifications without testing provide little real assurance.

240. Answer: C — Whether the vendor can protect the confidential method and whether the firm keeps design expertise.

When the content is proprietary and strategic, the key risks are disclosure of confidential know-how and loss of internal capability to maintain and evolve it. Those factors weigh more heavily than cost or production values. Industry experience could even raise the risk, since the vendor may serve competitors, and language reach is a secondary operational factor.

241. Answer: B — Leaders link learning to strategy and culture credibly, and teaching sharpens their own thinking.

When senior leaders teach, they connect content to real strategic priorities, model the desired culture and lend credibility, and preparing to teach deepens their own understanding. L&D professionals are still needed to design programs and prepare leaders to teach, cost savings are not guaranteed, and using class sessions for promotion assessment would undermine open learning.

242. Answer: A — Their direct manager or supervisor

Research, including Prosci's studies, shows that employees prefer to hear about the business reasons for change from senior leaders, but they prefer to hear how it affects them personally from their direct supervisor. The CEO is the tempting choice because executives are the preferred source for the business case, but employees look to the person who knows their role for personal impact.

243. Answer: D — Overseeing human capital strategy, executive pay and CEO succession for the board

Board committees oversee rather than manage: a human capital committee typically oversees executive compensation, leadership and CEO succession, and enterprise people strategy such as culture and talent risks. Approving individual staffing decisions, running HR operations and negotiating labor contracts belong to management. Confusing oversight with management is the trap in the other choices.

244. Answer: D — Exempt status turns on the duties each employee actually performs, not the job description.

Courts look at the actual work each person performs, so incumbents in the same family may differ in their primary duties and discretion. A uniform classification is defensible only if it reflects what people really do, which is why job descriptions should be validated against actual work. The FLSA has no filing, pre-approval or size-based presumption requirement.

245. Answer: B — $110,000

Operating expense excluding workforce cost is $150 million - $60 million = $90 million. Revenue minus that amount is $200 million - $90 million = $110 million, and $110 million / 1,000 FTEs = $110,000. A result of $50,000 subtracts total operating expense, $90,000 reports non-workforce expense per FTE, and $140,000 subtracts only the workforce cost from revenue.

246. Answer: B — Outstanding unexercised or unvested awards plus shares reserved for future grants, as a percentage of shares outstanding

Overhang measures the potential dilution from all equity awards already granted but not yet exercised or settled plus the shares still available for future grants under the plan, expressed against shares outstanding. Shares granted in one year divided by shares outstanding is the burn rate. Options priced above market are underwater options.

247. Answer: C — Pivotal roles, where performance differences most change strategic results

Talentship directs investment to pivotal roles, where improving performance has the greatest effect on strategic outcomes, which is not necessarily where pay or headcount is highest. A role's importance on average differs from its pivotalness, or the value of moving it from average to excellent. Cost, turnover and size are relevant inputs but do not by themselves identify where better performance matters most.

248. Answer: D — 65%; 270 more participants

Participation rate = 1,170 / 1,800 = 65%. The target is 0.80 x 1,800 = 1,440 participants, so 1,440 - 1,170 = 270 more are needed. Counting all 630 non-participants overstates the gap, and applying 15% to the current 1,170 participants (about 176) uses the wrong base.

249. Answer: A — Diagnose root causes, then compare each option's cost, risk, exit terms and transition load

The right choice depends on why service is failing (vendor capability, contract design, or the company's own governance) and on the full cost, risk, contract exit terms and transition burden of each path. Each distractor jumps to one option for a single reason, such as visibility, control or penalties, without that analysis.

250. Answer: D — Its allocable share of the plan's unfunded vested benefits, usually paid in installments

MPPAA imposes withdrawal liability equal to the withdrawing employer's allocable share of the plan's unfunded vested benefits, so the remaining employers are not left to cover the shortfall. The amount is calculated by the plan and is generally payable in installments, subject to a 20-year cap. Liability does not end with the last contribution, and it is not the full value of the employer's own employees' benefits.

251. Answer: C — Powerful buyers and suppliers, low barriers to entry, many substitutes, fierce rivalry

Each force that is strong takes profit away from industry incumbents. When buyers and suppliers have power, entry is easy, substitutes are plentiful and rivalry is fierce, all five forces work against profitability. The other combinations each include protective conditions, such as high entry barriers, few substitutes or mild rivalry.

252. Answer: A — Investigate promptly and apply discipline consistent with past cases, making clear seniority does not change it.

A racial slur by a senior leader can be severe enough on its own to support a hostile environment claim, and lighter treatment for a powerful leader undermines policy, invites claims of inconsistency and signals that conduct rules apply only to some. Prompt investigation and discipline consistent with past cases protect the company and its culture. Coaching or a general statement alone leaves the conduct unaddressed.

253. Answer: A — Widen outreach and remove needless barriers, keeping all selection steps race-neutral

Title VII already bars race-based employment decisions, so a lawful strategy expands where and how the company recruits (more schools, communities and channels) and removes requirements that are not job related, while keeping every selection decision race-neutral. Race-based points or bonus-linked hiring targets invite disparate treatment claims. SFFA addressed university admissions and does not ban inclusive outreach that is open to all.

254. Answer: C — Repricing or an option exchange needs shareholder approval here; weigh a value-for-value exchange put to a vote, or new grants.

Exchange rules and this plan's terms require shareholder approval to reprice, including exchanging underwater options for new awards, and investors and proxy advisers generally oppose repricing that benefits executives. If retention risk is real, the committee can seek shareholder approval for a value-for-value exchange, often excluding senior executives, or make new grants within the plan. Board-only repricing breaches the plan, and a cash buyout rewards executives despite the share price decline.

255. Answer: A — Least-privilege access, alerts on bulk data downloads and disclosed monitoring

An effective insider risk program limits access to what each role needs, detects unusual activity such as bulk downloads, and uses monitoring that is disclosed in policy, proportionate and reviewed by legal and privacy. Monitoring personal accounts goes beyond legitimate business interest and raises legal problems. Covert monitoring of resigning employees undermines trust and may break notice laws, and exit questions rely on the honesty of the person who took the data.

256. Answer: A — Explain that some turnover is healthy and propose targets focused on regretted exits

Zero turnover is neither possible nor desirable: some exits make room for better performers, new skills and internal mobility. Targeting regretted exits of high performers and critical talent focuses effort where losses actually hurt the business. Halving total turnover still treats every exit as bad and could discourage managers from addressing poor performance, while an industry average is not linked to the company's own talent needs.

257. Answer: A — Broader talent access versus the added cost of complying with employment rules in many states.

Expanding into many states brings new payroll tax, unemployment insurance, wage payment, leave and posting obligations, which add administrative and legal costs. That compliance overhead must be weighed against access to a broader talent pool. Real estate and technology costs are secondary, and productivity and candidate quality claims are not established trade-offs.

258. Answer: D — A centralized decision by a designated leader who draws quick input from a few key experts

In an acute crisis, time and coordination matter most, so a clear decision-maker with fast expert input is most effective. Consensus and broad consultation take too long when lives and operations are at stake. Fully decentralized decisions risk conflicting actions and gaps in accountability, although local leaders should carry out the plan and report conditions upward.

259. Answer: B — Show what conflict now costs in turnover, lost time and claims against the savings training could yield

Executives respond to business cases tied to their own costs and results. Quantifying what conflict already costs (turnover, management time, absenteeism, legal claims) and estimating realistic savings frames training as an investment. General survey findings and competitor activity are weak evidence, and dropping to a minimal course avoids the conversation rather than influencing it.

260. Answer: B — Pipeline coverage and quality-of-hire trends for critical roles, linked to strategic risk and goals

Boards need a small set of forward-looking measures tied to strategy, such as how well the pipeline covers critical roles and whether hires perform and stay, so they can judge risk to the business plan. Requisition lists and activity counts are operational detail, and cost and speed benchmarks, though useful, say little about whether the company will have the talent its strategy needs.

261. Answer: C — Vertical fit links HR practices to business strategy; horizontal fit makes HR practices consistent

Vertical, or external, fit means HR practices support the organization's business strategy. Horizontal, or internal, fit means individual HR practices such as selection, training and rewards reinforce one another instead of sending mixed signals. Swapping the definitions is the most common error, and the other choices confuse fit with pay structure or reporting relationships.

262. Answer: C — The vendor may coach individuals, but HR receives only aggregate or de-identified data

The vendor can use individual data to deliver coaching under proper contractual controls, but ADA wellness confidentiality rules limit the employer to aggregate information, and HIPAA restricts the plan from sharing protected health information with the employer for employment purposes. Keeping individual data away from HR also protects against discrimination claims. A click-through consent obtained as a condition of the program does not cure these limits, and storing named results in a locked file still puts them in the employer's hands.

263. Answer: C — Workers can see and affect the measures that drive their payouts

Gainsharing ties payouts to plant-level productivity or cost measures that employees can directly influence, giving clear line of sight and usually more frequent payments. Profit sharing depends on companywide results driven by pricing, markets and accounting decisions that workers cannot control. Gainsharing payouts are not guaranteed, are generally cash, and do not replace bargaining over base pay.

264. Answer: A — The test is job related for the position and consistent with business necessity.

Once disparate impact is shown, the Civil Rights Act of 1991 places the burden on the employer to show that the practice is job related for the position and consistent with business necessity, usually through validation evidence. Consistent administration and lack of intent are not defenses to an impact claim, because the theory targets neutral practices applied equally. A majority pass rate does not answer the impact that has been shown.

265. Answer: D — Satisfaction gains typically reach revenue later, through repeat visits and customer loyalty.

In service-profit chain logic, better employee capability improves service and satisfaction, which raises loyalty, repeat purchases and referrals, and those revenue effects take time to build. The CHRO should propose tracking leading indicators (satisfaction, retention, repeat visit rates) and a reasonable time window. Revenue is a valid measure; it is simply a lagging one, and flat early revenue does not disprove the link.

266. Answer: B — The detriment is presumed to be retaliation, and the employer must prove it was based on justified grounds.

The Directive reverses the burden of proof: once the reporter shows a protected report and a later detriment, retaliation is presumed, and the employer must prove the measure was based on duly justified grounds. Requiring the reporter to prove the decision-maker's knowledge is the near miss, since it reflects a traditional causation burden that the Directive shifts away from reporters.

267. Answer: A — Compare the cost, speed, retention risk and culture fit of hiring, reskilling and acquiring by the deadline

Build, buy and acquire each carry different costs, timelines and risks, so a sound recommendation weighs them together, often producing a blended strategy. Acquisitions are fast but expensive and carry high post-deal attrition and culture risk, while reskilling is cheaper but may not reach 300 engineers in two years. Pay benchmarking supports only one path and does not answer the strategic question.

268. Answer: C — Survey a different random subset each month so each employee is asked a few times a year while trends stay measurable.

A rotating sample design gives leaders a statistically sound monthly read while cutting how often any one employee is surveyed, which addresses fatigue. Length matters, but frequency and lack of visible action also drive fatigue. Mandating responses and tracking completion by manager pressures employees and degrades candor.

269. Answer: D — Ensure the complaint goes to the audit committee to oversee an independent inquiry with outside counsel.

Sarbanes-Oxley requires public-company audit committees to have procedures for complaints about accounting matters, and an allegation against a senior financial officer calls for an investigation independent of management. Routing it to the CEO creates a conflict of interest given his relationship with the CFO. An internal HR investigation lacks independence, and alerting the CFO first risks retaliation and lost evidence.

270. Answer: C — Selective hiring, extensive training, incentive pay and employee involvement

High-performance work systems combine complementary practices that build employee ability, motivation and opportunity to contribute: rigorous selection, substantial training, incentive pay tied to performance, and participation in decisions. Research finds the bundle matters more than any single practice. Close supervision and detailed work rules reflect a control-based approach, which is the opposite philosophy.

271. Answer: D — Raters who expect to defend ratings process performance information more carefully and use more evidence.

Accountability research shows that people who expect to justify judgments to a higher-level audience whose views they don't know think more carefully and rely more on evidence than on general impressions. Leniency tends to rise when raters are accountable to the ratee, not to a higher reviewer. Review does not require forced distribution, and it does not replace employee input.

272. Answer: A — A level-funded health plan

A level-funded plan is a self-funding arrangement in which the employer pays a fixed monthly amount covering a claims fund, administrative fees and built-in stop-loss, with a possible surplus refund when claims are low. A fully insured plan pays a premium with no refund of favorable experience to the employer, and a health reimbursement arrangement is an employer-funded account, not a funding method for a group plan.

273. Answer: D — The assistant may produce confident but wrong answers that employees rely on to their harm

Generative AI can hallucinate, producing fluent, plausible answers that are wrong. In benefits and leave matters, an employee who relies on a wrong answer may miss a deadline or lose coverage, and the company may face claims. Grounding the assistant in approved content, reviewing it, and directing employees to authoritative sources reduces that risk. Disclaimers help but do not eliminate liability.

274. Answer: C — Combined costs of employees, contingent workers and outsourced labor

Total cost of workforce captures the full cost of getting work done, including employees, contingent workers such as contractors and temps, and labor delivered through outsourcing. Measuring only regular employee costs is the traditional view it replaces, and it can hide spending that has shifted to non-employee labor.

275. Answer: A — Writing the code into supplier contracts, with rights to audit compliance and to terminate for violations.

A supplier code is enforceable only when it becomes a contract term backed by audit and remedy rights, including termination for serious or uncorrected violations. Acknowledgments, self-assessments and training raise awareness but give the buyer no leverage. Self-assessment is the most tempting choice, yet it relies on suppliers to report their own failures.

276. Answer: D — Adoption and proficiency rates for the new sales process, linked to changes in win rates and revenue per rep

Boards care whether the change is actually being used and whether it moves business results, so adoption and proficiency tied to outcome measures make the strongest case. Counts of training and communications measure activity, not value, and satisfaction or completion rates show participation rather than results. Schedule and budget data show the program is well managed but not that it delivers value.

277. Answer: D — U.S. citizens there are covered, and the company has a defense if compliance would violate the host country's law.

Title VII and the ADA protect U.S. citizens employed abroad by U.S. employers and by foreign companies controlled by U.S. employers. Non-U.S. citizens working abroad are not covered. The statutes also give a defense when compliance would require violating the law of the country where the workplace is located. Where the citizen was hired does not determine coverage.

278. Answer: C — Agency theory; align executive pay with long-term shareholder value through equity and performance terms

Agency theory describes the conflict between principals (shareholders) and the agents (executives) they hire, whose interests can diverge, and it recommends monitoring and incentives, such as equity and performance-based pay, to align the two. Stewardship theory assumes no such conflict. Stakeholder theory concerns balancing many groups' interests, and expectancy theory explains individual motivation rather than the principal-agent problem.

279. Answer: C — Headcount hides differences in hours and pay, so it can misstate capacity and spend

One headcount can be a part-time entry-level worker or a full-time senior engineer, so headcount alone misstates both work capacity and cost. FTEs show capacity, and labor cost ties the plan to the budget, which lets leaders weigh options such as fewer, higher-paid roles against more junior ones. Headcount is still useful for things like span of control and compliance reporting, but it is a weak unit for financial planning.

280. Answer: B — Improve rewards communication with personalized, interactive statements tailored to life stages.

When spending is already above market but perceived value is low, the gap is in understanding, not investment. Personalized, interactive communication that shows each employee what matters to them closes that gap more cheaply than spending more. Dropping statements removes the main communication tool, and adding more detail to a generic document does not make it more relevant to employees.

281. Answer: C — Engage leaders and employees, test drafts, then tie values to behaviors

Involving leaders and a representative group of employees builds ownership and surfaces what makes the new company distinct, and defining values as observable behaviors makes them usable in hiring, performance and decisions. Reusing the parent's statements misses the chance to define a new identity, an agency draft lacks ownership, and combining department lists produces a diluted, incoherent set.

282. Answer: A — Enterprise-wide trend analysis, consistent case handling and a reliable audit trail for oversight

A single system lets the company spot patterns across regions, apply consistent standards for triage, investigation and discipline, and keep a defensible record for boards, auditors and regulators. Cost savings may follow but are not the main strategic value. A system supports investigators rather than replacing them or making findings.

283. Answer: C — 5% below the median

Market index = company pay / market median = $95,000 / $100,000 = 0.95, so pay is 5% below the median. About 14% below comes from comparing pay with the 75th percentile ($95,000 / $110,000 = 0.864). About 16% is the gap measured as a share of company pay ($15,000 / $95,000), which is the wrong base and the wrong benchmark.

284. Answer: D — Map the data flows and local rules, then use approved transfer tools or local hosting where required.

The EU GDPR, Brazil's LGPD and China's PIPL each restrict cross-border transfers and require mechanisms such as adequacy decisions, standard contractual clauses or government-specified procedures, and some data may need to stay local. Employee consent is generally a weak basis in employment because of the power imbalance, and a vendor's security certification does not satisfy transfer rules.

285. Answer: B — An impairment policy for safety-sensitive roles with trained supervisors and set suspicion steps.

Random testing is easiest to justify for safety-sensitive roles, and the gap exposed by the near miss is the lack of a consistent way to identify and respond to impairment. A policy that targets safety-sensitive positions and trains supervisors in documented reasonable-suspicion steps addresses the risk while limiting privacy, morale and legal exposure. Testing remote office staff adds cost and intrusion without reducing the dock hazard.

286. Answer: D — Visible protection from retaliation, with prompt follow-up to reporters and tracking of what happens to them after reporting.

When misconduct goes unreported, the usual barriers are fear of retaliation and a belief that nothing will happen, so the program must show that reporters are protected and that concerns are acted on. Adding channels is useful but does not address why employees with access to existing channels stay silent. Certifications and tougher penalties shift pressure onto employees without building the trust that drives reporting.

287. Answer: C — Treat the low volume as a sign of underreporting, and build trust through visible follow-through and retaliation safeguards.

When employees say they fear retaliation, near-zero complaints more likely signal silence than an absence of misconduct. The strategic response is to rebuild trust in reporting with visible follow-through, protection for reporters and leadership messaging, and then track whether reporting rises. Treating complaint counts as the stronger evidence ignores the very reason employees are not reporting, and waiting for another survey or audit leaves a known risk unaddressed.

288. Answer: B — Fund targeted equity adjustments for compressed incumbents, justified by the cost of replacing experienced staff.

Compression is a base-pay problem concentrated in specific incumbents, so targeted equity adjustments address the cause, and comparing their cost with turnover costs (recruiting, lost productivity, lost knowledge) builds the business case. Holding offers below market just shifts the problem to recruiting. A one-time bonus leaves the base-pay gap in place, so the attrition driver returns the following year.

289. Answer: C — WO strategy, overcoming an internal weakness by taking advantage of an external opportunity.

A WO (mini-maxi) strategy uses an outside opportunity, here the subsidized program, to fix an internal weakness, the skills gap. It is not SO, because weak analytics is a weakness, not a strength. No threat is being addressed, so neither WT nor ST applies.

290. Answer: C — Analyze robbery and injury costs by store and restore staffing or controls where risk is highest.

The savings from solo shifts must be weighed against the rising cost of robberies, injuries, claims and turnover, and controls should be targeted to the highest-risk stores, such as added staffing, cash limits, lighting and visibility. Training workers to resist increases injury risk. Higher pay does not reduce the hazard, and closing all stores overnight ignores lower-risk locations.

291. Answer: D — Group members earn about 3% less, holding the other model factors constant.

With log salary as the outcome, a small coefficient approximates a percentage difference: -0.03 x 100 = about 3% lower pay (exactly e^-0.03 - 1 = -2.96%), controlling for the other factors. Reading it as 0.03% or 30% misplaces the decimal, and the share of variation explained is measured by R-squared, not by an individual coefficient.

292. Answer: D — Cash-flow gains against risk tolerance, reserves, excess coverage and state approval

Self-insurance can improve cash flow and lower costs for employers with predictable losses, but it requires the financial strength to absorb claims, adequate reserves, excess or stop-loss coverage for catastrophic claims, and approval from each state where it operates. Self-insured employers must still provide the benefits the state law requires. Private employers can self-insure in most states, and no federal law lets employers opt out of state systems.

293. Answer: B — Systems thinking, which looks at the feedback loops and links between events instead of each one alone

Systems thinking, the fifth discipline in Senge's framework, focuses on interrelationships and feedback loops rather than isolated events, and this situation is a reinforcing loop in which the fix of cutting training deepens the problem. Surfacing mental models and improving team learning are also Senge disciplines that support better thinking, but the discipline that reveals the cycle itself is systems thinking.

294. Answer: C — Present a joint view that links the legal risks to business impact and offers an alternative that meets the CEO's goal.

A unified position that ties legal exposure (pay-discussion waivers conflict with NLRA Section 7) to business consequences, together with a lawful alternative that addresses the CEO's dispute-resolution goal, is the most persuasive and constructive approach. Leading with threats of escalation damages the relationship before persuasion has been tried. Letting the general counsel speak alone or splitting the message weakens the case and invites the CEO to discount one view.

295. Answer: B — Hiring people who can design new value offerings and work amid ambiguity

Kim and Mauborgne's blue ocean strategy relies on value innovation, which pursues differentiation and low cost together to open uncontested market space and make competition irrelevant. That requires people who can rethink value for buyers and operate without established playbooks. Matching rivals on pay, price or customers is a 'red ocean' approach focused on beating existing competitors.

296. Answer: B — Set a few company-level OKRs, then have teams draft their own OKRs that link to them, reviewed for alignment.

Effective OKR rollouts mix direction and ownership: leaders set a small number of enterprise priorities, and teams propose how they will contribute, with review to confirm alignment. Fully top-down OKRs reduce ownership and ignore frontline knowledge. Fully bottom-up OKRs, or deriving strategy from team themes, risk fragmenting the organization's focus.

297. Answer: B — Require an adverse impact review with counsel before the selections are finalized

The data suggest the selections may fall more heavily on older workers, so HR should analyze adverse impact and review the selection criteria with counsel before decisions are final, while changes are still possible. A business rationale does not remove ADEA risk, and an analysis done afterward cannot prevent harm. Severance offered on the basis of age does not fix flawed selections, and any releases from a group program must also meet OWBPA disclosure requirements.

298. Answer: C — To separate the intervention's effect from other factors, such as market shifts or other initiatives

Counterfactual reasoning asks what results would have been without the intervention, for example by using a comparison group or a trend baseline. This lets evaluators attribute only the incremental improvement to the program rather than crediting it with gains caused by economic conditions, seasonal effects or other initiatives. Budget variance, enrollment decisions and lessons learned are useful but do not establish causal impact.

299. Answer: B — Present the evidence in revenue and hiring-cost terms, note its limits, and propose a pilot of new criteria.

When data contradicts an executive's intuition, HR is most persuasive when it translates the findings into business terms, is open about limitations and offers a low-risk way to test the change. Going around the CEO damages trust, and waiting another year delays a useful decision. Technical detail rarely changes a strongly held belief by itself; the business implications do.

300. Answer: A — Each measure alone can mislead, while together they give executives a balanced view of hiring outcomes.

A single measure can paint a false picture; for example, hires who stay may still be low performers, and fast ramp-up says nothing about retention. Combining measures gives executives a more balanced view of hiring results. Composites are not legally required, are not standardized across industries, and usually rely on hiring manager ratings rather than replacing them.

301. Answer: B — Request the works council's advice while the proposal can still be changed, and allow time for the advice and any suspension period.

Under the Dutch Works Councils Act, an important decision such as a reorganization requires asking the works council for advice at a time when the advice can still meaningfully influence the decision. If the final decision departs from the advice, the employer generally must wait one month before implementing it, during which the council can appeal to the Enterprise Chamber. Announcing first breaches the timing requirement. The council's role is advisory, not a binding vote, and avoiding it does not remove the obligation.

302. Answer: C — High precision, so that most flagged employees really are at risk of leaving

Precision is the share of flagged cases that are true positives. When each flag triggers a costly action and missed cases are tolerable, false positives are the expensive error, so precision matters most. Recall would matter more if missing a leaver were the costlier mistake. Overall accuracy can look strong even when the model flags poorly, because most employees stay regardless.

303. Answer: C — Review the model for variables acting as proxies for age before any use in decisions

When a model's output is skewed toward a protected group, the first step is to check whether inputs such as tenure, pay level or retirement-plan data are acting as proxies for age. Using the scores for bonuses could create disparate impact under the ADEA. Simply removing age does not fix proxy effects, and excluding older workers from bonuses would be facially discriminatory.

304. Answer: A — Set job-related criteria in advance, apply them consistently, and check results for adverse impact before deciding.

A defensible reduction uses criteria tied to the future organization's needs, defined before selections, applied the same way to both legacy workforces by trained reviewers, documented, and analyzed for adverse impact with legal review before notices go out. After-the-fact documentation of subjective choices invites discrimination claims. Seniority alone is objective but may keep weaker performers, and favoring the acquirer's staff undermines fairness and can lose the best talent.

305. Answer: C — Fund HSA contributions tiered by pay and cover common chronic-condition drugs before the deductible.

Tiered employer HSA contributions put the most money where the deductible is hardest to afford, and IRS guidance allows HSA-qualified plans to cover certain chronic-condition medications before the deductible, which reduces the risk of skipped care. A flat contribution helps but leaves lower-paid employees most exposed. Education alone does not solve affordability, and waiting for employees to save is not a workable plan.

306. Answer: D — Build the commitments into leader accountability and promotion processes, with open progress reports

Real culture change comes from embedding commitments in how leaders are evaluated and how promotions are decided, and from reporting progress openly. Minimum compliance meets the settlement terms but not the CEO's goal. One-time training rarely changes behavior. Calling the matter closed tells employees that the underlying issues no longer matter.

307. Answer: C — Use an employer of record at first, then weigh setting up entities where hiring will grow

An employer of record legally employs workers on the company's behalf and handles local payroll, benefits and compliance, giving fast, compliant entry while demand is uncertain; setting up entities makes sense where teams grow large. Treating full-time engineers as contractors creates misclassification risk under local law, U.S. payroll does not satisfy local employment and tax obligations, and opening four entities up front is slow and costly.

308. Answer: D — Combine skills training with supervised cases and a quality review of the work before certifying.

Investigation skill requires both knowledge (planning, interviewing, assessing credibility, documenting, avoiding retaliation) and demonstrated competence, so certification should follow supervised practice and quality review of actual work. A short policy course does not build skill, tenure does not prove competence, and a single shadowed case is not enough evidence of readiness.

309. Answer: D — Give the union notice and bargain over the decision before contracting out the work

Under the Fibreboard line of NLRB decisions, replacing unit employees with a contractor to do the same work under similar conditions, mainly to reduce labor costs, is a mandatory subject of bargaining, so the employer must bargain over the decision itself to agreement or impasse. Effects-only bargaining applies to core entrepreneurial decisions such as an economic plant closing, not to this kind of labor-cost subcontracting.

310. Answer: A — Use lightweight, offline-capable mobile modules that are localized rather than only translated.

Low-bandwidth settings call for small files, mobile access and offline use, and multilingual audiences need localization that adapts examples, culture and language, not just word-for-word translation. High-definition video and live streaming strain weak connections, and English-only or machine-translated content reduces comprehension.

311. Answer: A — Review its governance, member duties, and fit with the firm's salient labor risks before joining.

Multi-stakeholder initiatives can raise standards and share costs, but their value depends on credible governance, real obligations and relevance to the company's most serious labor risks, so the company should assess these and its capacity to deliver before committing. Joining just for the signal risks a credibility gap if the company does not follow through. Declining by reflex gives up collaboration benefits, and observer status adds little.

312. Answer: D — The external environment

The Burke-Litwin model places the external environment at the top as the primary driver of change, which then acts on the transformational factors of mission and strategy, leadership and culture. Leadership is a tempting choice because it is a powerful transformational factor, but in the model it responds to environmental pressure rather than originating it.

313. Answer: B — Enforce call-in rules and seek recertification where patterns cast doubt on certifications.

FMLA regulations let employers require employees to follow usual call-in procedures and to request recertification when circumstances suggest a certification is no longer valid, explicitly including a pattern of absences next to weekends. Denying leave on suspicion alone, or disciplining protected absences, is interference. Employers cannot require a new medical note for every absence covered by a valid certification.

314. Answer: C — No single person's preferences decide the outcome, and decision-makers must justify choices to others.

When several people share a decision and choices must be explained to a reviewer, one person's biases are less likely to determine the result, and the need to justify a decision encourages more careful, evidence-based thinking. Committees do not reduce the employer's legal liability, they usually slow hiring rather than speed it up, and panel members typically see the same candidate information as a single interviewer would.

315. Answer: A — Compare total cost, including internal rework, escalations, errors and the employee impact

A vendor's price is not its true cost. Internal staff time spent fixing errors, escalations, compliance exposure and the effect on employees can erase the apparent savings. Framing the decision as total cost and value gives the CFO a sound basis to compare options, whereas recommending a switch or renewal without that analysis is premature.

316. Answer: B — Skip-level meetings

Skip-level meetings let a senior leader hear directly from employees below their direct reports, surfacing issues that may be filtered as they move up the chain. Stay interviews are typically one-on-one conversations between a manager and a direct report about retention. Focus groups are usually facilitated for a specific research question, and town halls are mainly top-down communication to a broad audience.

317. Answer: A — Report a few metrics tied to plan risks, such as critical-role readiness and automation skills

Board-level human capital reporting should be limited to a handful of measures that show whether the workforce can deliver the business plan, here automation capability and readiness for new regions. Reformatting 40 metrics keeps the overload problem, and hires, turnover and training hours are activity counts that do not tell directors whether strategy is at risk. Benchmarks help with context but are not selected for this company's strategy.

318. Answer: B — 68%

Overall adoption must be weighted by users: (500 x 0.80) + (300 x 0.60) + (200 x 0.50) = 400 + 180 + 100 = 680 adopters out of 1,000 users, or 68%. Simply averaging the three unit rates gives about 63%, which overstates the influence of the smaller units. Using the middle unit's rate (60%) or leaving out the smallest unit (580 / 800, about 73%) also misstates the enterprise picture.

319. Answer: D — Acknowledge the concerns, hold structured listening sessions with leaders, and explain how input is used.

An effective employee voice framework starts by acknowledging concerns, creating a real channel for dialogue and being clear about how input will influence decisions, even if the decision stands. Targeting organizers looks like retaliation and may violate the NLRA if the activity is protected. Reversing the decision immediately skips analysis, and dismissing the concern damages trust.

320. Answer: C — Combined bargaining power and labor costs in line with competitors

Multi-employer bargaining pools the strength of small employers, protects them from whipsaw tactics, and keeps labor costs comparable across competitors so wages are taken out of competition. The trade-off is less control over terms and limited ability to withdraw once bargaining starts. Members are still bound by the agreement's grievance procedures.

321. Answer: B — Pay above $1 million per year to a covered employee is not deductible, even if it is performance-based.

Section 162(m) limits a public company's deduction for compensation paid to each covered employee to $1 million per year. The Tax Cuts and Jobs Act of 2017 repealed the exception for performance-based pay, so shareholder approval no longer makes excess pay deductible. The rule limits the deduction, not the amount the company may pay.

322. Answer: B — Use AI to remove low-value tasks while keeping employees informed, consulted and supported through change

Dignity is respected when people understand changes that affect them, have a voice in them and get support to adapt, while AI still takes on low-value work. Generous severance softens the outcome but treats people as an afterthought. Limiting AI to volunteered tasks gives up legitimate efficiency, and quiet deployment denies employees the transparency that dignity requires.

323. Answer: A — Integrate back-office essentials first and protect the team's ways of working

When the deal's value lies in talent and speed, integration depth should be light: handle legal, compliance and essential back-office systems while protecting the autonomy and practices that make the team effective. Rapid full absorption is a common cause of post-deal talent flight. Permanent separation of compliance is not acceptable, and waiting a year leaves needed decisions unmade.

324. Answer: C — It reflects how well a person learns from new experiences and applies that learning in unfamiliar situations.

Learning agility is the willingness and ability to learn from experience and then apply those lessons to new, different conditions. Higher-level roles bring unfamiliar challenges, so this capacity predicts success there better than results in the current, familiar role. Course completion speed and technical depth are different constructs, and multi-year results still measure performance rather than potential.

325. Answer: C — Standardize the job requirements and core competencies; localize assessments and legal steps as needed.

Standardizing what is measured (job requirements and core competencies) supports fairness, quality and global mobility, while localizing how it is measured (language, cultural fit of assessments, legal and data privacy requirements) ensures validity and compliance in each country. Full standardization can create invalid or unlawful tools, full localization undermines comparability, and the reverse mix gets the priorities backward.

326. Answer: C — Propose a structured search with set criteria, in which the friend competes on equal terms

A rigorous, documented process with criteria approved by the CEO and board protects the company's governance and lets the friend be hired if truly the best candidate. Simply deferring to the CEO ignores the board's oversight role and the conflict of interest. Calling the friend unsuitable prejudges the outcome, and a search with a promised result is a sham that misleads the board.

327. Answer: C — Only on narrow grounds, such as changed circumstances that make it impossible or unreasonable.

USERRA's defenses are narrow and the employer bears the burden of proof. One is that the employer's circumstances have changed so much that reemployment is impossible or unreasonable, such as a layoff that would have included the employee anyway. Having filled the job is not a defense, oral notice is valid, and the cumulative limit is generally five years, not 180 days.

328. Answer: C — Rising new-hire premiums show the external market is outpacing internal pay before incumbents start leaving.

When offers to new hires creep above what experienced incumbents earn, the market rate is moving faster than the internal structure, which is the root of compression. Tracking the gap is a leading indicator that lets leaders act before regretted turnover shows up in lagging metrics. The gap may also expose offer discipline problems, but its main strategic value is signaling compression, and it does not replace formal market pricing.

329. Answer: A — $2,465.75

Lost earnings = $250,000 x 0.06 x (60 / 365) = $2,465.75. Using one month of interest ($250,000 x 0.06 / 12 = $1,250) understates the delay, counting 120 days doubles it ($4,931.51), and $15,000 applies a full year of interest.

330. Answer: A — Notify the union first and allow time to bargain over effects, such as severance, before acting.

Even when a decision itself is not a mandatory bargaining subject, the employer must give the union timely notice and a chance to bargain over its effects on employees before implementation. Presenting the layoffs as done, or negotiating severance directly with employees, can be an unfair labor practice. The communication timeline must therefore start with the union.

331. Answer: D — Require the audit and validation data as a contract term or select another vendor

Employers remain responsible under Title VII and other laws for discrimination caused by tools they use, even tools built by a vendor. Without validation and adverse impact data, the company cannot judge the legal and fairness risk before candidates are affected, so transparency should be a condition of the deal. Running checks only after deployment means candidates may already be harmed, and a vendor's assurance is not evidence.

332. Answer: C — Business-unit outcome measures tied to partner work, combined with structured leader feedback

Business partner value is best shown through outcomes in the business (such as retention of critical talent, readiness for key roles or productivity), together with leaders' assessment of the partner's impact. Meeting counts and project completion measure activity, and response-time satisfaction reflects service delivery that should sit with shared services.

333. Answer: D — Realignment; the leader must create urgency in a team that does not yet see the threat.

In Watkins' STARS model, a realignment involves a business that still looks successful but is drifting toward trouble; the key challenge is building a sense of urgency among people who do not yet see the need for change. A turnaround is a business already in obvious trouble, where urgency is easier to create. Sustaining success is the tempting near miss, but here the shifting market signals a coming decline rather than continued health.

334. Answer: D — Sociotechnical systems theory, which holds that tools and social systems must be designed together

Sociotechnical systems theory holds that technology and the social system, including roles, skills and relationships, must be designed together, because optimizing one alone often degrades results. That matches a strong tool failing because of unclear roles and resistance. Scientific management is tempting because it concerns work design, but it focuses on standardizing tasks rather than aligning technology with social systems.

335. Answer: D — Goodwill earned in advance becomes political capital to draw on when the proposal meets resistance.

Political capital is the trust and goodwill a leader accumulates through credibility and help to others; senior leaders build it before major initiatives so they have support to draw on when controversy arises. It complements, rather than replaces, a solid business case. Goodwill does not guarantee support, and using collaboration to shift blame would erode the very trust it is meant to build.

336. Answer: A — Offer targeted retention awards paid in stages through closing and integration, clearly explained.

Staged retention awards tied to milestones through closing and integration keep key employees through the full period when their knowledge is needed. A lump sum at closing invites departures right after payment, company-wide bonuses dilute funds for critical talent, and waiting for the buyer risks losing key people before the deal closes.

337. Answer: A — An interaction effect, in which training's effect depends on tenure

An interaction (moderation) effect exists when the effect of one variable depends on the level of another; here tenure moderates training's effect. Mediation would mean training works through tenure, which is not the claim. Multicollinearity concerns correlation between predictors, not a change in one predictor's effect across groups.

338. Answer: D — 200

Managers needed = individual contributors / target span = 2,000 / 10 = 200, which is 50 fewer than today. A figure of 312 divides 2,500 by 8, mixing up the parts of the ratio, and 225 assumes a simple 10% cut in managers rather than applying the span ratio.

339. Answer: A — Provide a base forecast with scenario ranges and the triggers that would shift the plan between them

Scenario planning gives the CEO a usable base case while making the major uncertainties visible, and naming the triggers (such as approval or the acquisition closing) lets leaders act quickly when conditions change. A single number hides real risk, and averaging scenarios produces a figure that may match none of the likely futures. Refusing to forecast fails to support the plan.

340. Answer: D — Star: invest in growth hiring and development; cash cow: stress efficiency, retention

Stars need investment to keep their share in a growing market, so HR supports them with recruiting, leadership development and competitive pay. Cash cows produce cash in mature markets, so the focus shifts to productivity, cost control and retaining the experienced people who keep operations efficient. Harvesting stars to fund cash cows reverses the matrix's logic.

341. Answer: B — Collective capabilities that add customer value, resist imitation and extend across markets.

Prahalad and Hamel defined core competencies as the collective learning of the organization that provides access to a wide range of markets, contributes significantly to customer-perceived value and is difficult for competitors to copy. L&D protects them by deliberately building and transferring the underlying knowledge. Individual job competencies and cultural values are different concepts, and top-selling products are outputs of competencies rather than competencies themselves.

342. Answer: D — Directors must weigh stakeholder interests and a stated public benefit, not just shareholder value.

A benefit corporation is a for-profit legal form that requires directors to balance shareholders' financial interests with the interests of those affected by the company and a stated public benefit, and it typically requires public benefit reporting. It is not tax-exempt and may still pay dividends. Benefit corporation statutes generally limit claims about the public benefit to shareholders, not the general public.

343. Answer: C — It shows control over how and when the work is done, which supports treating the workers as employees.

Classification tests generally weigh the hiring firm's right to control the manner and means of the work, and employee-style discipline is strong evidence of that control. Feedback on deliverables is normal in contractor relationships; the risk comes from managing the person like an employee. No single factor such as rate-setting decides classification, and tax liability follows classification rather than existing regardless of it.

344. Answer: B — Redesigning work between people and AI, judging AI output, and leading people through role change

Managers of human-AI teams need to decide which tasks go to AI and which to people, evaluate AI output critically, and help employees through changing roles. These are leadership and work-design skills. Programming models is a specialist skill that most managers do not need, and monitoring usage closely tends to erode trust rather than build effective adoption.

345. Answer: D — Offer executive coaching with clear behavioral goals, stakeholder input and a defined timeline

Coaching fits when a valued leader is willing and able to change behaviors that are derailing him and there is no misconduct; clear goals, stakeholder feedback and a timeline make the engagement accountable. A formal PIP is the better choice when there is misconduct or a coaching effort has already failed. Doing nothing risks further turnover of his team.

346. Answer: D — Focus coaching on high potentials and new executives in critical roles, using it for remedial cases only selectively.

Strategic coaching programs direct scarce resources to where the return is highest: leaders in critical transitions and high potentials in the succession pipeline, where faster success has large business impact. Heavy use for remedial cases also stigmatizes coaching. Struggling leaders may need help, but coaching rarely rescues poor fit, and first-come or even allocation ignores strategy.

347. Answer: A — Set written, job-based eligibility criteria, require documented reasons, and review approval rates by group.

Unstructured discretion is a common source of both disparate treatment and disparate impact, and the gap here suggests the process needs control. Written criteria tied to job tasks, documented reasons and regular monitoring make decisions consistent and defensible. Approving by sex to even out rates is itself disparate treatment, and blanket approval ignores real operational needs.

348. Answer: C — Job growth shifting from manufacturing to services and less union regions

Researchers commonly cite structural shifts in employment from manufacturing to services and from the Northeast and Midwest to the South and West, along with globalization and employer opposition, as major causes of private-sector union decline. Right-to-work remains a state choice, the union wage premium persists, and there is no federal rule requiring periodic recertification elections.

349. Answer: D — Show how drivers' actual control and dependence fare under federal and state tests, with exposure ranges.

Worker status turns on the economic reality of the relationship, including control and dependence, not on labels, and federal and many state tests all weigh those facts. Drivers whose routes, schedules and pay remain set by the company look like employees under most tests, so the board needs a risk picture with estimated tax, wage and benefit exposure. Courts and agencies apply existing law while rules change, so waiting for a final rule is not a basis for decision.

350. Answer: C — Report the shortfall candidly, explain the causes, and present a revised forecast with recovery actions and new targets.

Boards rely on accurate reports to oversee major investments, so the CHRO should disclose the gap plainly, explain which assumptions failed, and offer a credible revised forecast and plan. Emphasizing other benefits has a place but cannot replace disclosure of a missed financial commitment. Quietly resetting the baseline or delaying the report undermines the board's trust and the CHRO's credibility.

351. Answer: A — Engage an independent investigator reporting to the board's audit committee, and put interim protections in place.

An allegation that a senior executive retaliated against a fraud reporter calls for an investigation independent of management, overseen by the board, plus interim steps such as protecting her pay while the facts are found. HR investigating a division president lacks independence, and leaving the reassignment in place prolongs the possible harm. Restoring the accounts and issuing a warning reaches a conclusion before any investigation has occurred.

352. Answer: A — Sector agreements are extended by the state to firms that did not sign

In France, sectoral agreements negotiated by representative unions and employer bodies are routinely extended by the labor ministry to all employers in the sector, and agreements apply to all employees regardless of membership. That is why coverage is far higher than union density. France does not mandate union membership or agency fees.

353. Answer: C — As a fairly strong positive relationship that does not prove managers cause engagement.

An r of 0.65 indicates a fairly strong positive association, but correlation alone cannot establish cause, since other factors may drive both measures. The share of variance explained is r squared (about 42%), not 65%, and r is not a slope, so it does not give the change in engagement per rating point.

354. Answer: B — Use combined volume to gain leverage on global terms while setting minimum local service and compliance standards.

A global approach captures leverage from pooled spending, but the contract must build in country-specific requirements for statutory benefits, service and culture, ideally with local HR input on requirements. Forcing standard plans everywhere risks noncompliance and employee backlash. Leaving each country to choose sacrifices the leverage, and fixing compliance gaps after the fact creates legal risk.

355. Answer: B — Compare engagement, retention, and skill growth for volunteers versus nonvolunteers.

The CFO is asking about business value, which is best shown by measuring outcomes, such as engagement, retention and skill development, for participants compared with nonparticipants, alongside community results. The dollar value of hours and counts of nonprofits or events measure inputs and activity, not returns. Satisfaction surveys show enjoyment but not business results.

356. Answer: D — $3.2 million

Departures fall from 300 (30% x 1,000) to 220 (22% x 1,000), a reduction of 80. Avoided cost = 80 x $40,000 = $3,200,000. The $8.8 million figure is the remaining cost of 220 departures, and $12 million is the original cost of 300 departures rather than the savings.

357. Answer: C — To build awareness of cultural differences and the skills to adapt leadership and communication.

Cross-cultural training helps global leaders understand how cultural values shape communication, decision-making and expectations of leaders, and build skills to adapt their own behavior. Country employment law calls for expert advice rather than leader self-help, imposing headquarters norms undercuts the purpose, and full language fluency in every country is not a realistic goal of such training.

358. Answer: D — Retention from unvested balances versus competitor buyouts and lower current pay appeal

Deferred, vesting bonuses create a growing unvested balance that advisers would forfeit by leaving, which supports retention. Its main limitation is that competitors often make recruits whole for forfeited amounts, and some candidates value cash now over deferred pay. Deferral plans also add administrative and tax-compliance complexity, such as Section 409A design, rather than simplifying administration.

359. Answer: A — Corrective action

Benoit's corrective action strategy involves repairing the damage and/or committing to changes that prevent the problem from happening again, which is exactly what restoring pay and adding a control does. Mortification is admitting fault and asking forgiveness, which the announcement does not do. Reducing offensiveness tries to make the act seem less harmful, and evasion of responsibility shifts or limits blame.

360. Answer: A — Difference-in-differences, which compares the before-after change in a treated group to that in a comparison group.

Difference-in-differences subtracts the comparison group's change over time from the treated group's change, removing trends that affect all plants, such as labor market shifts. A simple pre-post analysis would credit the program with any company-wide trend, and a single post-period comparison ignores pre-existing differences between plants. Regression discontinuity requires assignment based on a cutoff score, which was not used here.

361. Answer: B — The employee may elect to keep the claim in court despite the predispute agreement

Under the EFAA (2022), a person alleging sexual harassment or sexual assault may elect to make a predispute arbitration agreement or joint-action waiver unenforceable for that dispute. The choice belongs to the employee, and it covers both arbitration and class or collective waivers. Paying all fees does not save the agreement for these claims.

362. Answer: D — Use the alternative quotes as the BATNA and test the offer against market rates, fill rates and quality data

A strong BATNA (credible alternative vendors) and objective criteria such as market rates, fill rates and quality metrics let the CHRO judge whether exclusivity is worth the price and negotiate from strength. Accepting for the discount ignores the risk of dependence. Walking away discards a possibly good deal, and a split-the-difference compromise is not anchored to any evidence of value.

363. Answer: D — Present options ranked by strategic impact, with the risk and savings of each cut

A prioritized menu showing what each reduction saves, what risk it creates and how it affects strategic priorities lets the CFO make an informed trade-off and protects the most important work. Across-the-board cuts treat critical and low-value programs alike. Asking for an exemption ignores the business constraint, and cutting the largest discretionary item without analysis may harm a strategic capability.

364. Answer: C — Redefine sponsors' duties as advocacy for specific roles and track protégés' career moves

The sponsors are acting as mentors, giving advice, rather than as sponsors who spend their influence to get protégés considered for promotions and stretch roles. The fix is to define advocacy as the job and hold sponsors accountable for career outcomes, while more structured mentoring or more meetings reinforce the very behavior that failed, and a course does not create access to opportunities.

365. Answer: D — Build in risk management, human oversight, documentation and notice to candidates

High-risk classification brings obligations for both providers and deployers, so the employer must use the tool as instructed, ensure meaningful human oversight, monitor and keep records, and inform candidates and worker representatives as required. The vendor's conformity work is necessary but does not cover the deployer's own duties. Fully automated rejection and nondisclosure conflict with oversight and transparency expectations, including GDPR limits on solely automated decisions.

366. Answer: B — Additional leave can be a reasonable accommodation under the ADA after FMLA leave ends.

Exhausting FMLA leave does not end the employer's ADA obligations, and a finite period of additional leave may be a reasonable accommodation unless it causes undue hardship. Automatic termination policies skip the required individualized assessment. The FMLA has no extension requirement, and the ADA does not require indefinite leave.

367. Answer: A — Each tool has a named executive owner who answers for outcomes and reports to leadership

Executive accountability requires a named senior owner for each tool who answers for its outcomes and reports regularly. Vendor contracts can shift some costs but not the employer's legal and ethical responsibility for its employment decisions. Technical teams lack the authority to own business outcomes, and shared rotating accountability means no one is truly accountable.

368. Answer: D — The overjustification effect, in which expected rewards weaken intrinsic motivation

The overjustification (crowding-out) effect describes how large, expected, contingent rewards can shift attention from the interest of the task to the reward, which can lower intrinsic motivation and creative performance. Unexpected or informational recognition is less likely to have this effect. Halo, equity and Hawthorne effects describe different phenomena.

369. Answer: C — Ready-now coverage for critical roles, internal fill rate, bench diversity and successor retention

A board-level report should show whether the pipeline can actually fill critical roles: how many have ready-now successors, how often openings are filled internally, the depth and diversity of the bench, and whether successors are being retained. Counting roles with any named successor overstates readiness, and program participation, training hours and completed plans are activity measures that do not show results.

370. Answer: C — Interview both leaders and key staff to identify the sources of the conflict before designing an intervention.

The CHRO should first diagnose whether the conflict stems from personalities, conflicting goals, unclear decision rights or resources, because the right intervention depends on the cause. Shared incentives or restructured accountability may well be part of the solution, but adopting them before diagnosis risks treating symptoms. A team-building offsite is unlikely to help if the conflict is structural.

371. Answer: B — Integrity and inspiring vision

GLOBE identified attributes viewed positively across cultures, including being trustworthy, just and honest, visionary, inspirational, decisive and a team builder. Autonomy, individualism, status consciousness, formality, caution and procedural orientation were culturally contingent: valued in some cultures and not in others.

372. Answer: A — Integrate skills data into staffing, career and development processes so that profiles stay useful.

A skills inventory stays current only when it is used, so connecting it to internal job matching, project staffing, career planning and development gives employees and managers a reason to keep it up to date. A completion mandate produces a one-time burst of data that soon goes stale, as would a consultant rebuild. Manager ratings from memory are less reliable and still disconnected from how talent decisions are made.

373. Answer: D — Review nonunion pay against the market on its own merits and explain the company's pay philosophy to that group

Basing nonunion pay decisions on market data and a clear pay philosophy addresses the equity concern on legitimate grounds and keeps relations positive without disparaging the union. Blaming the union for nonunion pay invites conflict and could be seen as hostility toward protected activity. A freeze deepens the resentment, and stewards cannot speak to the company's pay decisions for nonunion staff.

374. Answer: B — Adopt a single global leveling framework that all countries use, with local market pricing within each level

A common global leveling framework provides consistent levels, titling and comparisons across countries while allowing each country to price levels against its own market. Imposing one country's system may not fit other markets or job families, and maintaining 22 systems with a crosswalk keeps the complexity that caused the problem. Abandoning job evaluation leaves no basis for internal comparisons, and title-based survey matching is unreliable when titles differ by country.

375. Answer: C — The 0.05 cutoff is a convention; the decision should weigh effect size and each error's cost.

The .05 threshold is a widely used convention, not a law of nature, and a p-value of .07 does not show that there is no effect. A sound decision considers the estimated effect size, its confidence interval and the relative costs of wrongly adopting or wrongly dropping the program. Retesting until significance is reached inflates false positives, and adopting a looser cutoff for every decision ignores that error costs differ by situation.

376. Answer: D — Make the review recurring, at least annually, with a set remediation budget and root-cause fixes.

Pay gaps reopen through hiring offers, merit increases, promotions and market adjustments, so leading practice is regular (often annual) review with a budget for adjustments and fixes to the processes that created the gaps. Waiting for complaints increases legal exposure, and a five-year gap lets problems compound. A negotiation ban addresses only one source of gaps.

377. Answer: C — Transfer ownership to line leaders, build internal change capability, and embed the changes in metrics and rewards.

Sustaining change requires internal ownership by line leaders, internal change management capability and reinforcement through systems such as performance metrics, rewards and governance. Extending the consultants delays the handoff and deepens dependence. Declaring victory early invites regression, and reminder messages without structural reinforcement rarely change behavior.

378. Answer: B — Statistical significance does not mean the effect is large enough to matter

With very large samples, even tiny differences become statistically significant, so the CHRO must judge practical significance: whether the size of the effect justifies the program's cost compared with other options. Statistical significance alone does not prove causation or guarantee a positive return, and large samples improve reliability rather than undermining it.

379. Answer: A — The sponsor is the one executive accountable for results; the committee provides collective oversight

A program sponsor is a single senior leader who owns the business outcome, champions the program and resolves issues that need executive authority, while a steering committee is a group that provides cross-functional oversight, guidance and decisions on scope and priorities. Daily task management belongs to the program manager, and placing ultimate accountability with a committee diffuses it, which is the problem a named sponsor is meant to solve.

380. Answer: B — Build inclusive behaviors into the leadership competency model and weigh them in performance and promotion reviews.

Values become real when they change how leaders are selected, evaluated and promoted, so embedding inclusive behaviors in the competency model and performance expectations creates lasting accountability. Awareness campaigns, training mandates and a new role can support the effort, but on their own they repeat the pattern that let earlier values fade: activity without consequences in core talent decisions.

381. Answer: D — Agree with finance on assumptions and an approved settlement range before talks, and update the cost model as proposals change.

Strategic bargaining starts with shared assumptions on revenue, inflation and benefit costs and an approved settlement range, so negotiators know their authority and the deal fits the plan. Updating the cost model during talks lets leaders see how each trade-off affects the plan. Revising the plan after the fact gives up control of labor costs, and a rigid cap with no flexibility can leave the team unable to settle even when a slightly higher deal is in the company's interest.

382. Answer: B — Assess affected workers' adjacent skills and build reskilling paths into roles the bank needs

A redeployment strategy starts by mapping displaced workers' skills against roles the bank will need, then funds targeted reskilling and internal placement, which preserves institutional knowledge and trust. Announcing blanket layoffs ignores redeployment options, and placing people in roles without regard to fit sets them up to fail.

383. Answer: B — Tool inventory, risk review, bias testing, human review, vendor oversight and records

A complete program covers the whole life cycle: knowing which tools exist, assessing risk, testing for adverse impact, keeping meaningful human review, managing vendors and documenting decisions. Each distractor holds useful pieces, such as indemnity, notices or pilots, but none includes both independent bias testing and human oversight. Relying on the vendor's own audit is a common gap because the employer remains responsible for the results.

384. Answer: D — Volunteers may have been more motivated or capable from the start, so the gap may not be caused by the program

When participants choose themselves, they may differ from non-participants in motivation, ability or manager support, and those differences may explain the gap. That is selection bias. A stronger design uses random assignment, matched comparison groups or statistical controls. Satisfaction scores measure reactions, not business impact.

385. Answer: B — An EOR allows fast, compliant hiring without an entity, but costs more and gives less control

An EOR becomes the legal employer and handles payroll, benefits and local compliance, so a company can hire quickly without forming an entity. The trade-offs are higher ongoing fees per employee, less direct control over terms and culture, and possible tax or permanent establishment exposure as headcount grows, which is why many companies set up an entity once they reach scale. An EOR does not remove all liability, and workers are employees, not contractors.

386. Answer: A — Build a strategy-linked manager capability program with coaching, practice and clear accountability.

The diagnosed problem is capability, so the CHRO should build those skills at enterprise scale, tied to the strategy and reinforced by coaching and accountability. Replacing managers is tempting for speed, but it is costly, damages trust and is unnecessary when the gap is teachable. Unit-by-unit training produces inconsistent results, and bypassing managers leaves the gap in place.

387. Answer: D — Payroll leaves benefits out of the base, so the same spend looks larger in that ratio.

Both ratios use the same benefits spend in the numerator; only the denominator differs. Benefits as a percentage of payroll divides by wages alone, while benefits as a percentage of total compensation divides by wages plus benefits, so it is always lower. With $30M of benefits and $70M of wages, the ratios are 43% and 30%. A difference in what spending is counted is not needed to explain the gap.

388. Answer: C — Publishing would expose unexplained inequities, harming trust and creating legal risk

Publishing ranges lets current employees compare their pay with what the company is offering new hires. Unexplained gaps that become visible damage trust and can prompt pay discrimination claims, so fairness requires fixing them first. Pay transparency laws generally require disclosing ranges, not paying every incumbent within them, and there is no entitlement to the midpoint.

389. Answer: C — To keep executives exposed to share price risk like shareholders, and to avoid forced sales from margin calls.

Hedging lets executives protect themselves from price declines, breaking the alignment that stock ownership is meant to create, and pledged shares may be sold in a margin call, which can harm the stock price and shift executive incentives. Public companies must disclose their hedging policies in the proxy. Blackout periods are a separate insider trading control.

390. Answer: A — Whether the employer's rule or order was reasonable

The reasonable-rule test asks whether the rule or order was reasonably related to the orderly, efficient and safe operation of the business. Forewarning concerns whether the employee knew the rule and the likely discipline for breaking it, so it addresses notice rather than the rule's business purpose. Fair investigation and proportional penalty are separate tests covering process and outcome.

391. Answer: B — The direct and indirect compensation it expects for those services

The CAA amended ERISA Section 408(b)(2) to require brokers and consultants to group health plans who expect $1,000 or more in compensation to disclose, in writing, their direct and indirect compensation (such as carrier commissions and bonuses) to the responsible plan fiduciary. Limiting disclosure to direct payments would miss the indirect carrier compensation that creates conflicts. The rule does not require competing quotes or data on other clients.

392. Answer: C — Ready successors reduce perceived execution and transition risk, which can support a higher valuation.

Investors view leadership quality and succession readiness as signals of execution capability and reduced key-person risk. Companies with credible bench strength are seen as less risky and better able to deliver strategy, which can support higher valuations, while abrupt or poorly planned transitions are often followed by share price declines. Intangibles affect valuation even though they are not on the balance sheet.

393. Answer: B — Review each arbitrator's reasoning on issues the company often faces, such as just cause, not just win-loss records.

Tracking arbitrators' decisions is a common and legitimate practice, but win-loss rates mislead because outcomes depend on the facts of each case. Studying how an arbitrator reasons on recurring issues, such as just cause, past practice or contract interpretation, gives a far better picture. Most contracts do not bar this kind of research, and giving the union all selections abandons a right the company should use thoughtfully.

394. Answer: C — Model workforce effects, design replacement benefits, and plan the required advance notice to participants.

Freezing future accruals is a lawful settlor decision; ERISA's anti-cutback rule protects benefits already accrued, not future accruals, and a significant reduction in future accruals requires advance written notice to participants. The CHRO adds the most value by modeling retention and retirement-timing effects on near-retirees, designing replacement benefits such as an enhanced 401(k), and planning communication. Treating the freeze as a fiduciary decision confuses plan design with plan administration.

395. Answer: C — Explain that rater bias or early exits of weaker performers could explain it, and test these first.

Correlation does not establish causation. Ratings could rise with tenure because weaker performers leave early (survivorship), because raters favor familiar employees, or because experience truly helps, and each explanation implies a different action. Testing these explanations before changing promotion policy avoids building a strategy on a misread pattern. Adjusting ratings or dismissing the data would also be premature.

396. Answer: B — The board sees conduct risks ranked with other risks, with owners, controls and appetite clearly stated.

Within ERM, conduct risks are assessed by likelihood and impact alongside strategic, financial and operational risks, and each has a named owner, controls and a defined risk appetite. That lets the board weigh them in proportion and hold owners accountable. Integration adds to the board's view; it does not replace targeted ethics reporting or move oversight away from the board.

397. Answer: A — Avoid cutting enrolled staff's hours to end coverage, and weigh future schedule changes against ERISA 510 and retention.

Cutting hours specifically to strip employees of plan eligibility has drawn class claims under ERISA Section 510, which bars interfering with the attainment of benefits. Under the look-back method, employees found full-time keep that status for the stability period even if hours fall, so ending coverage immediately is wrong. The ACA itself does not prohibit scheduling changes, so the CHRO should weigh legal risk, morale, turnover and service levels.

398. Answer: B — Monte Carlo simulation

Monte Carlo simulation repeatedly samples uncertain inputs from probability distributions to build a distribution of possible outcomes, so planners see likely ranges rather than one estimate. Markov analysis uses transition probabilities between job states, the Delphi technique gathers expert judgment over rounds, and regression estimates relationships between variables.

399. Answer: B — It can absorb part of the discriminatory effect, making the unexplained group gap look smaller than it is.

If a control variable is itself shaped by bias, for example prior pay or job level assignments that reflect unequal opportunity, it explains away part of the gap that is actually caused by discrimination. The group coefficient then shrinks and the organization may wrongly conclude that pay is equitable. Tainted variables typically raise rather than lower the model's fit, which is why they are tempting to include.

400. Answer: C — So headcount and labor cost projections reconcile with budget forecasts

When workforce and financial plans share drivers such as volume, revenue and productivity, labor cost and headcount projections tie directly to the budget, and leaders see one consistent picture of what the strategy requires. Separate HR assumptions create conflicting forecasts that executives will not trust. Shared drivers also mean the two plans should be updated together, not on different cycles.